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Senate

The Senate met at 2 p.m. and was called to order by the Honorable CRAIG THOMAS, a Senator from the State of Wyoming.

The PRESIDING OFFICER. The Chaplain will lead us in prayer. Today, we are pleased to have with us as guest Chaplain, Rabbi Arnold E. Resnicoff, U.S. Navy retired.

PRAYER

The guest Chaplain offered the following prayer:

Almighty God of freedom, who gave us the promise and the dream of liberty to be proclaimed throughout the land, we pause before this session to recall words spoken by a Senate nominee—Abe Lincoln—on this day, June 16, in 1858. ''A nation divided against itself cannot stand,'' he said, and we ''cannot endure half slave, half free.''

O Lord our God and God of generations past, we offer thanks for all the progress we have made since that historic speech, even as we recognize we still have more to do. Slavery, the institution, is no more. But let us unite in our resolve that none should be enslaved by prejudice or hatred that threatens the humanity and dignity we have fought to recognize and guarantee; that none, victimized by ignorance or discrimination, live lives half slave, half free.

Grant us and all our leaders the wisdom to debate and disagree, with civility and respect, the issues of the day. But give us, we pray, the wisdom and the faith we need to safeguard a nation united, not divided—indivisible, as we pledge—in our pursuit of liberty and justice for us all.

And may we say, Amen.

PLEDGE OF ALLEGIANCE

The Honorable CRAIG THOMAS, a Senator from the State of Wyoming, led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, Monday, June 16, 2003.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CRAIG THOMAS, a Senator from the State of Wyoming, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. THOMAS thereupon assumed the Chair as Acting President pro tempore.

SCHEDULE

Mr. MCCONNELL. Mr. President, today the Senate will begin consideration of S. 1, a prescription drug benefits bill, for debate only. There will be no votes during today's session. Today is an excellent opportunity for Senators to deliver their opening statements. We encourage all Senators to participate in this debate. Hopefully, Members will take the next day or two and deliver their opening remarks. The next vote will occur during Tuesday's session of the Senate and Members will be notified when that vote is scheduled.

PRESCRIPTION DRUGS AS PART OF MEDICARE

Mr. MCCONNELL. Mr. President, I will make a very brief opening statement and then our friend and colleague from Nebraska, Senator HAGEL, who has been extremely active and has a very innovative proposal to deliver prescription drugs to our seniors, is going to take over for this side for the remainder of the afternoon.

This is indeed a historic debate. ''Historic debate'' is a term perhaps over used in the Senate but that is not the case today. Today, after almost 40 years from Medicare's creation, we begin debate on legislation to help our most frail citizens acquire the miraculous but expensive prescription drugs they need.

For decades, we have witnessed the ever-expanding power of innovative pharmaceutical drugs both to cure and to treat. For decades, we have talked about providing our seniors, the poor and fragile of our society, the financial aid and means to acquire those wonder drugs. For years, colleagues on both sides of the aisle have talked of the need. Today, the talk ends and the action begins.

What begins today will be completed this year. There are many reasons but none greater than the leadership of one man, George W. Bush. He is the reason we are at this point in the Senate today. It is President Bush who has made the commitment, shown the leadership, and challenged the Congress to act that has made this day possible. Yet President Bush's Medicare effort, like that of past Presidents, might have been for naught except for the leadership of Dr. BILL FRIST. As a doctor and reformer in the 1997 Medicare Commission and now as Senate majority leader, he is uniquely qualified to make a difference, and a difference he has made in that his decisive leadership has resulted in this bill, S. 1, which we have before us today and will have before us for the next 2 weeks, if that is what it takes to get final action.

Other prescription drug bills have been before the Senate, but this is the first time the Senate considers a bill actually reported out of the Finance Committee with an overwhelming bipartisan vote. That is truly unprecedented and a further tribute to Dr. FRIST.

Success has many fathers and anyone would be hard-pressed to limit just one Democrat as critical to the success we have today. Senators BREAUX, BAUCUS, and KENNEDY have all been as unwavering as they have been untiring in their efforts to provide prescription drugs to our senior citizens. On our side of the aisle, Chairman GRASSLEY skillfully navigated this bill through the Finance Committee to a strong bipartisan vote. Senator NICKLES, the Budget chairman, is to be commended for ensuring full funding of the President's Medicare proposal in the budget and his tireless work to ensure the bill keeps faith with the President's original proposal and the future generations his proposal sought to protect. I look forward to continuing working with him to produce the best bill possible.

I want to say again the efforts of our colleagues, Senator CHUCK HAGEL and Senator JOHN ENSIGN, with their innovative proposal, which I hope will be thoroughly vetted in the course of this debate, are to be commended for their outstanding leadership on this issue. Combined, these efforts have produced a bill that will strengthen and improve Medicare and guarantee a prescription drug benefit. It will improve the quality of Medicare to guarantee its benefits for our parents and our children. It preserves traditional Medicare while allowing seniors to choose a benefit package that best fits their needs and gives them the same type of choices enjoyed by those of us in Congress and other Federal employees. It protects low-income seniors by giving them additional help in paying for prescription drugs. It protects all seniors from catastrophic drug costs. It addresses many of the problems associated with rural health care for our seniors on Medicare.

Debate on this bill will be difficult. Some will say it does too little. Others insist it does too much. Some will say the reforms go too far. Others will say the reforms do not go far enough. Where I stand is about where the President stands. He applauds the product but believes we need to do more reform, and I agree with that entirely. He believes in a fair competition between Government and the private sector to provide goods and services at the lowest costs, the private sector will win. I certainly agree with that, provided we craft this in a way that gets the private sector a chance.

He believes any reform of Medicare must begin with the infusion of private sector responsiveness and cost control. Again, I certainly agree.

The questions we share are: Will we achieve more reform? Will we ensure fair competition between the Government and the private sector? Will the reform we inject exceed the costs of the new benefit? That is what this debate is about. Today we begin to shoot with real bullets. This is no longer a ploy for the next election; this is about the next generation. This is not just about Medicare prescriptions; it is about Medicare preservation. This is not just about our parents and our grandparents; it is about our children and our grandchildren. If we keep this in mind, I believe we can produce a product that preserves the social contract of Medicare with our parents, as well as our children.

I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

PRESCRIPTION DRUG AND MEDICARE IMPROVEMENT ACT OF 2003

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 2 p.m. having arrived, the Senate will proceed to the consideration of S. 1 which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1) to amend title XVIII of the Social Security Act to make improvements in the medicare program, to provide prescription drug coverage under the medicare program, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. HAGEL. Mr. President, I wish to acknowledge my colleague, the distinguished Republican assistant majority leader, for his remarks.

I see Senator KENNEDY in the Chamber.

Senator KENNEDY, thank you for your leadership.

I have a statement, and my understanding is that we will then rotate statements on both sides for the rest of the afternoon.

Over the next 2 weeks, the Senate will begin a historic effort to reform and strengthen Medicare. What we do here over the coming weeks will affect every American and future generations. Health care is a defining issue for our Nation. We must take the long view and recognize that if we do it right, the changes we make in health care, in the delivery of that care, will result in improved access to quality care and lower costs for Americans well into the future. This must be our objective.

The Senate Finance Committee bill represents a good solid beginning. The Senate Finance Committee, under the leadership of Chairman GRASSLEY and Ranking Minority Member BAUCUS, deserves great credit for its hard work and efforts in bringing the bill to the floor of the Senate. Over the next 2 weeks, the Senate will work with members to improve upon their bill.

Medicare is one of the two largest programs in the Federal Government. Today, Medicare covers over 40 million Americans, including 35 million over the age of 65 and nearly 6 million younger adults with permanent disabilities.

Medicare serves all eligible beneficiaries without regard to income or medical history. It is projected to pay out $269 billion in both Part A and Part B benefits this year. This accounts for 13 percent of the Federal budget and $1 out of every $5 spent in America on health care.

In 1965, when Medicare was created, only about half of America's seniors had health insurance and fewer than 25 percent had adequate hospitalization insurance. Now, because of Medicare, nearly all seniors have coverage. Medicare has been good for seniors and has become a dominant part of the U.S. health care system.

But Medicare does more for seniors than protect their health. Medicare improves their quality of life. Since Medicare was enacted, people are living longer and living better. Life in America has changed dramatically over the last 40 years, especially health care.

Medicine today addresses all conditions and diseases, with a special emphasis on preventive medicine and management of chronic conditions. This includes an emphasis on prescription drugs, diet, exercise, and lifestyle—health dynamics that were not given much consideration when Medicare was enacted in 1965.

Medical technology has exploded, and we have experienced a revolution in the development of new and effective pharmaceuticals. Outpatient treatment and prescription drugs have become mainstays of medical care, but the Medicare Program does not reflect these changes in health care. Like medicine itself, the Medicare Program must adjust and reform to address these new realities in health care delivery, consumer demand, and costs. Medicare is a 1960s model trying to operate in a 21st century world. Our goal in this debate is to bring this valuable program in line with today's health care needs in a responsible and sustainable program and prepare for the future.

As we look forward, we should also heed the lessons learned when Medicare was created. When Medicare was enacted in 1965, the Federal Government's lead actuary at the time projected that the hospital program, Medicare Part A, would grow to $9 billion by 1990. But the program actually ended up costing more than $66 billion by 1990. Even after adjusting for inflation and other factors, the cost of Medicare Part A in constant dollars was 165 percent higher than the official Government estimate according to the actuary who produced those numbers. In unadjusted dollars, actual costs were 639 percent above estimates.

A 1968 Tax Foundation study found that public spending on medical care had nearly doubled in just the first 3 years of Medicare. A recent example of these accelerating costs is that since 1999, drug prices have risen about 20 percent. The average cost of these lifesaving pharmaceuticals will likely continue to increase, placing further pressure on seniors with fixed incomes.

In addition to the internal problem of the changing realities of health care,

Medicare is facing a looming external program. The largest generation in American history, the baby boomers, is aging. These Americans—over 75 million—will be added to the Medicare rolls over the next few years. The baby boom generation has changed and shaped every market in which it has ever participated. Medicare health care will be no exception. We have a responsibility to address this demographic pressure now or risk the system collapsing under its own weight in the future.

The task before us is immense but so is the opportunity. Although Congress has been working with health care professionals, we must continue to listen carefully to those who know most about health care. We need to assure the American people that the promises made to them will be kept and that seniors on Medicare today will not be forced to change or lose their benefits, but for the future enhancement and viability of Medicare, changes will be required. The American people must have confidence in the medical reform process, the process we use to reform Medicare. This is important because as we move forward, all Americans, especially seniors, must then have confidence in the results.

Facing these challenges will require difficult decisions. There will be no perfect solutions. There will always be imperfect solutions at the end of the day. At the same time, we must be responsible with our efforts. We are adding a costly new benefit to America's largest health entitlement program. In making decisions, we must not discount or minimize what we know has worked and what has not worked.

Much of the debate over the next 2 weeks will focus on prescription drugs. Medicare does not currently cover outpatient prescription drugs. Adding a responsible, sustainable, and meaningful drug benefit is a top priority for most in the Senate. Seniors are expecting to spend nearly $1.9 trillion on drugs over the next 10 years. Clearly, the Federal Government simply cannot take on all of that expense. But seniors need help. They need help now. More than one-third of Medicare beneficiaries have no prescription drug coverage.

Mr. Joseph Antos of the American Enterprise Institute was quoted in the New York Times on Saturday as saying:

> These seniors are the last people in America who are paying retail. When I turn 65, I'd hate to be the only one in the pharmacy line who's not in some kind of pain.

Also in Saturday's New York Times, Mr. Dana Goldman of the RAND Corporation, said:

> What you really want to do is insure against very high expenditures. A catastrophic plan would be a cautious approach to sticking your toe in the water.

We should heed their advice as we move forward.

Any Medicare drug benefit must be sustainable. The benefit must deal with the realities that people are living longer and better, and have higher health care expectations than ever before.

A new drug benefit should strengthen public/private partnerships that work. Any new drug benefit must pay particular attention to those in greatest need who have no options today, but this should not be at the exclusion of other seniors.

We must take care that we do not inadvertently stifle innovation in the private pharmaceutical, medical research, and healthcare sectors.

We know advances in research and medicine have been the critical factors in our increased lifespans, better health, and improved quality of life. The public/private relationship in these areas has been essential to that success.

The United States leads the world in medical innovation. Our actions over the next 2 weeks must not jeopardize that continued innovation but, rather strengthen it for the future.

The special healthcare needs of rural areas are of great importance to me and many of my colleagues. What we do in this body over the next 2 weeks should enhance rural healthcare as well as urban healthcare.

Tough choices and difficult decisions will have to be made. Not everyone will agree with the choices we make, but we owe it to the American people to face these challenges and produce a reformed Medicare program that will take America's seniors well into the 21st Century. That is doable, and I look forward to working with my colleagues in this important effort.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, let me begin by praising the chairman of the Senate Finance Committee, Senator CHUCK GRASSLEY, for his fine leadership and cooperative management of this bill. He has been very good. I know the folks in Iowa know that, but I want everybody else tuning in to know it as well. The chairman of the Senate Finance Committee, CHUCK GRASSLEY, has done a tremendous job. He deserves a lot of praise for this bill.

On that point, sometimes we fail to recognize just how historic some legislation is. This is truly a historic bill. This is not some garden variety piece of legislation that has come up and will pass in the Senate. This is a major expansion of Medicare—major. It is going to make a huge difference in the lives of many senior citizens in America. I again thank Senator GRASSLEY for his help putting this together.

I also thank many Senators who have helped bring us here today. Senator JOHN BREAUX from Louisiana has been tireless in his effort on the Medicare Commission and other efforts to get prescription drug benefits and to try to reform Medicare. His work has been indispensable.

Senator OLYMPIA SNOWE from Maine, Senator HATCH from Utah, Senator JEFFORDS from Vermont, have all contributed mightily to these efforts. It would take me a long time to go through all the efforts they have undertaken if I were to recite chapter and verse all they have done. It has been monumental.

Any discussion for the long struggle for improved health care in America would be absolutely incomplete without the mention of the longstanding effort of the Senator from Massachusetts, Mr. KENNEDY. Senator KENNEDY is on the floor. He is probably going to speak a little later. Without Senator KENNEDY and his efforts, I am not so sure we would be here today, on cusp of passing truly historic legislation.

We are here today to make a meaningful improvement in health care for our seniors. That is why we are here. We are here at last to bring prescription drug coverage to Medicare.

On July 30, the Nation will celebrate the 38th anniversary of the enactment of Medicare. Without exaggeration, Medicare is simply one of the most successful enterprises ever taken by a free people working through their government. Today we are about the business of making it even better.

Medicare took a long time in coming. Following the enactment of Social Security in 1933, progressives called unsuccessfully for a program of national health insurance. President Harry Truman repeatedly advocated national health insurance funded through payroll deductions, but as we know, his plan went nowhere. But the fact remains, retired Americans had a particularly difficult time getting health insurance in the private sector.

In 1951, planners at the Federal Security Agency, recognizing that difficulty, examined extending health insurance to this population. The idea slowly gained popularity in the 1950s.

Senator John Kennedy raised health care as a campaign issue in his successful 1960 Presidential campaign. Taking the reins of the Presidency from his fallen predecessor, President Lyndon Johnson spoke of moving, ''not only toward the rich society and the powerful society, but upward toward the Great Society.''

At the height of legislative action of President Johnson's Great Society in July 1965, Congress enacted Medicare into law in the Health Insurance for the Aged Act. With President Truman at his elbow, President Johnson signed the bill in Independence, MO. President Johnson at that time said, ''No longer will older Americans be denied the healing miracle of modern medicine.''

And President Truman told President Johnson, ''You have made me a very happy man.''

Since then, over the nearly four decades of its life, Medicare has improved the lives of over 100 million Americans. Medicare now provides health insurance coverage to more than 35 million seniors, virtually everyone aged 65 or older, and 6 million disabled enrollees for hospital or related care under the

Hospital Insurance Program. It covers nearly as many for doctors' services, outpatient hospital services, and other medical expenses under the Supplemental Medical Insurance Program.

Medicare has been a success. Health care expenses used to impoverish seniors. In conjunction with Social Security, Medicare has significantly reduced poverty among seniors. Despite progress on poverty among seniors, they are by no means an affluent group. From 2001 data, we can see that nearly two-thirds of Social Security beneficiaries rely on Social Security for most of their income. A third of beneficiaries rely on Social Security for 90 percent or more of their income. In 2001, the median income for all eligible households was $19,000, and one-fifth have incomes under $10,000; thus, vast numbers of America's seniors need Medicare and Social Security to keep out of poverty.

With the nearly universal health insurance coverage and decreasing poverty achieved by Medicare and Social Security, seniors are also living longer. Before Social Security and Medicare, in 1930, for example, a 60-year-old had a life expectancy of 77 years of age. In the year 2000, 70 years later, a 65-year-old-man could expect to live to 81 and a 65-year-old woman could expect to live to 84. Partly because of Medicare, more and more Americans are living into their late eighties and into their nineties.

Medicare has also improved the quality of seniors' lives. It has helped them to combat debilitating illnesses. It has helped them be free from pain. It has helped them to live fuller, better lives.

But the practice of medicine has also progressed since Congress set up the structure of Medicare. Prescription drugs have taken on a much greater role in maintaining health, replacing procedures, as has more prevention. Prescription drugs are just proportionately so much more important today than they were when Medicare was created.

The Congress that created Medicare did not envision that role of prescription drugs. Although former employers and other private insurance plans cover some seniors, about 10 million seniors have no prescription drug coverage at all.

Because seniors are not a wealthy group, for many this reality means a painful choice between filling their prescriptions and buying food.

I visited a community health center and talked to an internist—a doctor—the administrator of that health center. She told me she had to cut back on her medicine. She has to give up some of her medicine. Why? In order to pay for the medicines for her mother. Just think of it. A doctor who has to cut back on medicines for herself because they are so expensive and because her mother can't afford them. The doctor is sacrificing her health care to make sure her mother has prescription drug benefits. That is not an isolated incident. It is happening over and over again in America, and it is wrong.

Seniors should not have to choose among necessities in order to maintain their health. We can do something about that today.

To maintain Medicare's success, we must expand it to address the health care delivery structure that we have today. The bill that we bring to the floor would take a substantial step in that direction.

This bill would make available Medicare prescription drug insurance universally to all seniors. It maintains the important principle of universalism that has held together the remarkable social compact of Medicare and Social Security.

This bill would ensure that 44 percent of Medicare beneficiaries—those with the lowest incomes—would have truly affordable prescription drug coverage with minimal out-of-pocket costs. For these lower-income seniors with incomes up to 160 percent of the poverty level, co-payments would never exceed 20 percent of the cost of drugs.

Just think of that—never more than 20 percent.

This bill would make it so that an elderly retired couple in Great Falls, MT with an income of $16,000 a year, would be able to buy their prescription drugs without ever having to pay more than 10 percent of the cost of the drugs.

This bill would thus ensure that those who have been least able to receive what President Johnson called ''the healing miracle of modern medicine'' would now be able to do so. Millions of people would have a better quality of life. Lives would be saved.

This bill would create a strong government fallback. Seniors would have access to at least two private plans for a prescription drug benefit or the government would provide a standard fallback plan. If there is no true competition, then traditional Medicare would provide a fallback.

Now some have raised fears that the competition that this bill seeks to foster would lead to the privatization of Medicare. This is not so. The Department of Health and Human Services would continue to oversee these plans. The plans would operate within tightly-controlled limits. This bill includes strong consumer protections.

This bill does not tilt the playing field. This bill does not make private plans a better deal than traditional Medicare.

But those of us who believe in traditional Medicare should not fear the entry of private options. For either they will work and make things better for beneficiaries, or traditional Medicare will still be there. It is another opportunity. Either private plans will deliver the efficiencies that their advocates on the other side of the aisle promise for them—in which case the beneficiaries who choose them will get more value for their contributions—or traditional Medicare will still be there.

Others have found fault with the costs that this bill would ask beneficiaries to pay. Some have focused on what they call a break-even point—of a little more than a thousands dollars in drug spending—below which higher-income beneficiaries would spend more on the plan than they would receive in benefits. Yes, from a third to half of beneficiaries might spend more in a given year than they receive in benefits. But that means that from half to two-thirds will get more in benefits than they spend.

But it should not be surprising that some will pay more in premiums than they receive in benefits. That is the nature of insurance. We pay for insurance to protect against the risk of something that we hope will not happen. Most of us would be thankful if we do not encounter the ailments that require us to use our health insurance. Many would count that a blessing.

But this bill would provide a substantial subsidy for the health insurance need of Medicare beneficiaries. That is the nature of the cost of this bill. We as a society are choosing to make this insurance available at a substantial subsidy to all seniors.

For millions of Americans who are less fortunate, who have lower incomes and health needs, this bill will make a dramatic difference. For the 44 percent of Medicare beneficiaries with lower incomes, this plan would provide very affordable benefits. And remember that this lower-income population includes precisely the group most likely to be doing without prescription drug coverage today.

I acknowledge that some may have legitimate concerns with this bill. I note, in particular, that I and other drafters of the bill have become struck by CBO's high estimate of the percentage of beneficiaries whose former employers would drop their coverage, if Medicare started providing it. I would also like to find a way to make it so that seniors who were in a fallback plan could stay with that plan longer. I, for one, will look for opportunities during this process to address these concerns and improve the bill.

But this bill would create a $400 billion expansion of a major entitlement program. Yes, we could have done more with more money. But this is a historic opportunity to make a fundamental change for the better, for millions of Americans.

In so doing, this bill would finally do something that the overwhelming majority of industrialized nations have already done; that is, provide prescription drug benefits to their seniors.

Medicare took a long in coming. But it came quickly when it did. Sometimes, the time is simply ripe.

The Health Insurance for the Aged took several decades to come to the Senate floor in 1965. But when the Senate took it up in 1965, it finished its debate in 4 days—July 6 through July 9 of 1965—and passed the bill with 68 votes.

Starting today, we will spend 2 weeks on this debate. And we should. And I look forward to a full and open airing of the issues.

But in the end, I also look forward to passage of this new benefit, with substantial support from both sides of the aisle.

The time was ripe in the summer of 1965, when Congress enacted the Health Insurance for the Aged Act and created Medicare. I believe that the time is ripe again, today.

The time is ripe for a new chapter in the successful story of Medicare. And we begin that chapter today.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to at the opening of this debate and discussion recognize the guiding lights of this legislation, Senator GRASSLEY and Senator BAUCUS, for bringing this legislation to the floor.

This legislation in one form or another has been before the Finance Committee for 5 to 6 years in recent times, actually going back to 1978 when legislation was introduced by myself, Senator Thurmond, and others at other times. But this is a major breakthrough, as was pointed out by the Senator from Kentucky. This legislation is going to lead to conference and eventually it will be signed by the President of the United States.

So this is good news for all the seniors of this country. It isn't all that all of us would like to have achieved. But, nonetheless, it is a solid downpayment.

I will take a few minutes of the Senate's time to indicate what I find to be the most compelling reasons for the legislation, and also discuss areas which I hope in the time we have to debate that the Senate will give some focus and attention to.

But we should not minimize the extraordinary work that has been done by the chairman, and the ranking member, Senator BAUCUS of Montana, in moving this legislation through the committee; and also other members of the committee. I also add to that the majority leader, Senator FRIST. Senator FRIST is a member of the Committee on Finance but he is also on the Committee on Health, Education, Labor, and Pensions. He brings a very unique background and experience in health care policy matters. Clearly, he has had a very important influence in the shaping of this legislation. All of us welcome his involvement in the health care debate. We have worked together on a number of the bioterrorism pieces of legislation and in other areas. I think we are fortunate to have his expertise in the Senate on health care matters. We are grateful for his involvement in this legislation.

I was here in the spring of 1994 when the Medicare legislation was defeated. It was defeated by a significant number—I think 15 or 18 votes—at that particular time. And then I was here again in 1995—about 10 months later—when again the Senate considered the legislation, and it passed overwhelmingly; and a number of those who voted against it actually voted in favor of it.

The principal intervening event between 1964 and 1965 was the 1964 election, where this was front and center in terms of President Johnson's election. It had been in the 1960 election, but in 1964, given the fact that Medicare had been defeated, it was a matter of enormous concern to seniors.

As has been appropriately pointed out, it isn't just the seniors who are interested in this legislation, it is generational because so many of those who are not seniors are involved in the quality of life for those who are seniors. They are the children and the grandchildren, and they care very deeply that their parents and grandparents are going to live in peace and security and dignity.

When we passed the Medicare proposal, we gave the assurances to our seniors that if they played by the rules, paid into the health care system, paid into the Medicare system, that their health care needs would be attended to. That was true with regard to hospitalization. It was true with regard to physician services. We did not anticipate the third leg of that stool of Medicare was going to be the prescription drugs. Only about 3 percent of the total private insurance company plans at that time had a prescription drug program. It was not included.

And now, if you look at the needs of our senior citizens, we ask ourselves, why didn't we have the foresight to see that need? And why haven't we taken action in order to remedy that loophole?

It has taken a long time, but we are finding a strong downpayment in meeting that obligation today. I have always believed that every day we fail to pass a prescription drug program we are violating our commitment, our promise, our guarantee to the elderly people in this country in that solemn promise we made when we passed Medicare: Pay into the system, and you will be assured that your health care needs will be attended to. So it has been a long time in coming.

There are those who have been strongly opposed to a prescription drug program for ideological reasons. They are strongly opposed to Medicare. You can go back and look and read the history of the debates on Medicare—both in the past and the statements made in recent times, and as recently as in the past few weeks—where we have found Members, primarily our friends on the other side of the aisle, who do not believe in Medicare and who never believed we ought to have a prescription drug program that was rooted in the Medicare system.

There are recent times most of us can remember where statements were made. There was the Speaker of the House who talked about the Medicare system, that they wanted to see the Medicare system wither on the vine, and so there was an ideological commitment that said: If we are ever going to pass a prescription drug program, it has to be rooted not in Medicare, but it has to be rooted in the private sector, and we will do everything we can to make sure it is. We will provide all the financial incentives. We will effectively bribe individuals into the private sector or coerce them into the private sector and let the Medicare system wither over here.

If that was the program, there would not be anyone on this floor who would take stronger issue with it than I would, as one who has followed the Medicare system, believes in it deeply, and has seen the benefits it has provided to hundreds of thousands of the citizens of my own State of Massachusetts and around this country and knows the great sense of confidence our seniors have in this system and the Social Security system.

In fact, these are the men and women who brought us out of the Depression, who fought in the World Wars, who fought in Korea, who faced the challenge of nuclear terror and the dangers of the expansions of communism. They have sacrificed for their children and their grandchildren, and they are entitled, in the richest country in the world, to live in some security and dignity, and the lack of being able to get prescription drugs is denying them that opportunity. They believe in Social Security and the Medicare system. This legislation will give them the assurance that if that is their desire, they will be able to receive prescription drugs under Medicare. That is why I support this legislation. Those who believe it should be just a private system are not going to vote for this bill. They shouldn't vote for it because it isn't going to be a private system. We will have the opportunity to explain that in more detail.

I will take a moment to review some of the facts that are known to every senior citizen in this country. I think they are reflected on this chart I have in the Chamber.

First of all, let's look at what has happened in terms of the cost of the prescription drugs our seniors need.

The yellow on the chart shows the COLA for Medicare, Social Security. The blue shows the increased costs of prescription drugs over the same period of 1998, 1999, 2000, 2001, 2002, 2003, with the increased costs, respectively, being 10 percent, 19 percent, 16 percent, 15 percent, 14 percent, 13 percent. This all comes out of the income of individuals who effectively have fixed incomes, and this with a modest COLA.

You can see with these extraordinary escalations of costs what is happening to our seniors. Often on the floor we have seen and heard our good friend from Michigan, Senator STABENOW, who has provided great leadership—as have others—about the hard and harsh choices that are taking place in homes all over this country, where seniors are making choices between the prescription drugs which are vital to their health care and the food they need to eat, or in our part of the country, it is the heating so they can survive in the

winter, or in other parts of the country, it is the cooling to make life at least livable in the South.

There has been an extraordinary escalation and continuation of costs. We will have an opportunity during the debate and the discussion on this issue to consider legislation that has come out of our Human Resources Committee, out of the Health Committee, that was initiated by Senator MCCAIN and Senator SCHUMER that we addressed last year on the floor of the Senate and which passed the Senate, which will help and assist generic drugs to come further forward. And, in the meantime, over the period of these past months, with a lot of hard work, there is legislation that now has very broad support, which was virtually unanimous out of our committee, with the support of Senator GREGG, myself, and others who are strongly behind it. I supported it last time. We are hopeful of doing something in the totality, not only in the area of coverage, but also in the areas of cost. We are not going to solve all of the problems in either area, but this kind of debate and discussion is going to include both the issues of coverage and the issues of cost.

Let me review very quickly where we are in terms of the coverage for our senior citizens. Of the 38 million seniors, we know 13 million lack any kind of quality drug coverage. They are effectively on their own. They buy at the top price. They do not really get any deduction, and they are virtually without any kind of coverage. Another 10 million have employer-sponsored coverage. Another 5 million have Medicare HMO, 2 million are under the Medigap, and 3 million are under Medicaid.

I believe when we used to debate this issue in years past, we would say the only group among these seniors that was really guaranteed affordable, dependable, reliable prescription drugs were the 3 million under Medicaid. That is not true any longer. Let's see what has happened.

There is a general kind of profile of where our seniors are with regard to the quality of their drug coverage. Let's take, No. 1, the employer-sponsored programs. This will raise an issue on one of the challenges this current bill is facing. But let's just review very quickly what has happened in terms of employer-sponsored coverage in recent times. If you go back to 1988, it was about 80 percent. In 1994, only 40 percent of all the retirees were included in the program. Look at this, as shown on the chart: Going down from 1994 to 2002, now it is about 22 percent, and falling rapidly.

The bottom is falling out in terms of the kinds of guarantees for the millions of Americans who have employer-sponsored plans. So we have one large group of Americans with nothing. We have another group that has employer-sponsored plans, but the total number of programs now providing these is dropping down, and employers who have them in many instances are dropping them. So there is no guarantee for that group of Americans.

What about this other group of Americans, those with regard to the Medicare HMO? If you look at what is happening with regard to the Medicare HMO, you will find out the drug benefit is only offered as an option of the HMO. Thirty-four percent offer no drug coverage at all; more than 2 million Medicare beneficiaries lost their HMO coverage since 1999, so they are dropping. But this is the other insidious factor: 86 percent of HMOs limited the coverage to less than $1,000 in 2003; 70 percent limited coverage to $750 or less in 2003. So you can say on the one hand, some are covered with the employer-based system, but you can see that the system is at the point of collapse. Others say HMOs are offering coverage. But, they are dropping them on the first hand, and they are putting the blockage there to protect themselves, and that is, of course, a disaster for many other seniors.

We say we have the Medigap coverage that provides for 2 to 3 million. You all are familiar with the absolute explosion of the cost and increasing numbers. Both have dropped it.

This is the background. We find millions have no coverage. Even for those who have coverage there is uncertainty, even if they are employer based. If it is HMOs, we are finding increasing restrictions that make it unreliable. We have a whole population that is faced with a serious challenge and a serious need.

Now, what does this proposal do? How will our senior citizens under Medicare benefit under this program? What is basically the delivery mechanism that has been a key element in terms of trying to make sure we were going to give the assurances to our seniors that there will be somewhere, in any part of America, the guarantee that Medicare will be there but also permits the private plans, if they are in local areas, to be able to, if that is the desire at least, if they are going to meet the obligations? We will have a chance during the course of debate to review it. I know the ranking member and chairman have gone over in the markup those particular provisions that talk about the guarantees of the program and why the various kinds of conditions to make sure we are not going to have the excess charges and how we are going to have the standards and how we are going to have a good benefit package.

On the one hand, there is the traditional Medicare Program. The individual will be able to continue. The Government delivers the doctors, hospital, and other services. Then, in many areas, the individual will have a choice between two different private plans and a guaranteed fallback of the Medicare system, if the private plans are not successful. So there is the guarantee there. And in the cases where there is the Medicare Advantage and the private plans, you will have the PPOs and the local HMOs that will be able to submit the plans. We will have the guarantee on the one hand through the Medicare system, and the opportunity on the other. We will have an opportunity to go through it in greater detail.

Let me mention, for those who are watching this broadcast, what this can really mean to individuals. We know the average cost for seniors is $2,300. That is the average cost per year. As we have pointed out, and it has been mentioned earlier, the elderly are going to spend $1.7 trillion, $1.8 trillion over the next 10 years on drugs. This is only $400 billion, 24 or 25 percent. So we know there are large gaps. This will not be everything for everybody, but it is going to provide important coverage to about 35 to 40 percent of our elderly under Medicare, those of the lowest income who are in desperate need, and also be sensitive to those with catastrophic kinds of health needs. And it also provides some important relief for those in the middle, although not all of what we would like because individuals will for a period of time fail to get the coverage, the area that we call the donut, and then pick up coverage later on.

But let me use the example of a typical income which would be about $15,000 for a senior. This is the chart that will indicate what the savings would be. The typical one is $15,000. The typical prescription drug cost would be $2,300. The premium would be $420. Their cost sharing would be $1,250. They would save $600 in this program. I wish it was a good deal more, but that is $600 over the cost of the year.

Take that same individual, $15,000, they have $10,000 in health care costs. They would spend $400, and they would save $5,462 under the bill. This is a dramatic savings for those on the upper end, and let me tell you what it would be on the lower end.

Let's take an individual with $15,000 income who might have expenses at the lower level. I will have a chart for this. I am sorry I don't have it. What we are trying to do with each example is to give individuals who might be watching some idea as to what would happen to them. Say a senior with an income of $9,000 and they currently have monthly drug bills of $500. They would, under this bill, pay a total of $15 and have $484 in savings. Low-income people who have drug bills of $500 would have $484 of savings. If they are $12,000, they would have $468 in savings, if they spend $500. And if they are $13,500, which is the 160 percent of poverty on this thing, and had $500 a month, they would save themselves $416.

So we see for the very needy it is a very important benefit. For those who will be facing catastrophic drug costs, it is a great help. For those in the middle, it is some help but not all the help we would like to see, or that they deserve.

Beyond this, one of the other features I find enormously appealing is

what they call the card, the discount card that seniors will be issued. It is called the prescription card. It will be issued next January. Basically, what that will do, for approximately 5 million low-income seniors, if this bill gets passed and signed into law, basically, again, the 5 million low-income seniors, they will be able to get a card for $25 and be guaranteed up to $600 at their pharmacy. If they don't spend it all the first year, say only $400, the remaining $200 will kick over for the next year. That will begin immediately.

This legislation will take time. It will take 2 years before they are able to set up the various kinds of structures which I outlined earlier to achieve it.

There are important areas I am hopeful we can address in this area. This is $400 billion. It is a lot of resources. But we have also seen where this Senate has passed tax cuts for $2.3 trillion. This is $400 billion. So it does seem to me we ought to be able to find some way to help middle-income seniors more than we have by providing additional resources to this particular proposal. An effort certainly will be focused on that.

There is a second area which is of central concern. That is the retirees. The way this legislation has been constructed, there may be those companies that feel that rather than continue to provide coverage for retirees, this will be a way to drop them off and have them picked up under this program rather than meeting their obligations and their responsibilities under the agreements which they have had and committed themselves to over time.

We believe that is an area that needs focus and addressing during the course of the debate. You cannot get away from the fact that this legislation is, as Senator BAUCUS has pointed out, major legislation in terms of the unfinished business and in terms of Medicare, particularly in the area of prescription drugs. Many of us believe this is the life sciences century, where we have seen breakthroughs that are coming, like the mapping and sequencing of the human genome which has permitted us to be able to screen and inform people who might have a predisposition in terms of breast cancer, for example. We are considering legislation to make sure people will not be discriminated against in terms of employment and getting medical insurance because of these kinds of indications. But we are able to find out through the work on the human genome so much about the types of illnesses that people have proclivities to develop.

So we are in the century of the life sciences and breakthroughs. We have doubled our basic commitment in terms of basic research. We are seeing the breakthroughs in these extraordinary kinds of developments of pharmaceutical drugs that can be lifesaving and can relieve the most challenging and difficult illnesses and diseases that we face in the country and around the world. We are going to face a challenge about how we are going to get the best of those prescription drugs into the homes of people who need them. That will be a challenge. That will be a challenge for us here as a matter of national priority, I believe.

A defining aspect of our humanity and decency is whether we are prepared as a nation to make it a priority to be able to do that. This is a downpayment on that commitment. That is why this legislation is of essential importance and consequence and why I look forward to the next days in terms of the debate and discussion that we can move this process forward and move to making sure we are meeting the challenges that our seniors are facing in all parts of the country.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SUNUNU). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Mr. President, I am pleased we now have gotten to the floor with this bill. Certainly, most everyone agrees that this may be one of the most important issues that we will undertake this year. Along with that, of course—which I guess is not unusual—it will be one of the most difficult. I think there is a strong feeling that this needs to be done. I believe that will drive us. We certainly have had a good deal of support from the administration, from the President, and from Secretary Thompson. So we have an opportunity to move forward.

This is a very difficult issue. It is one that is hard to deal with, to make sure that everybody is treated properly. It is hard to deal with in terms of costs. It is also hard to deal with in terms of different parts of the country and how you have a delivery system that fits everywhere. It will be a challenge, but I believe we have no greater domestic challenge than reforming Medicare and providing seniors with access to prescription drugs. We will hear a great deal of the same sort of conversation during this week. We will also find that there are different ideas about how this is done.

The committee approved a prescription drug bill last Thursday night after an all-day markup, which was interesting—by a substantial bipartisan majority, which is very good. So it is a promise that most of us have made to take a look at Medicare and to be able to strengthen it. It has been mentioned that it is more than 30 years old and hasn't been changed a great deal. The greatest change that has come about is in pharmaceuticals, which has become one of the most expensive aspects of health care and has not been covered under Medicare in the past.

So I think we have two things we are seeking to do, and I hope we don't lose sight of them. One is to make the Medicare delivery system work better. Second is to include a reasonable access to pharmaceutical drugs. The program we have had has been difficult in a number of ways. We have had more and more providers that will not provide care under Medicare because the fees have not been equal to what they get in the private sector, and therefore access is not available. That is a difficult issue, particularly in rural areas where there are not a lot of providers. So we have to make sure we have a plan that puts this kind of program basically in competition with the private health care sector. The program has been inefficient and, no doubt, we need to change some things, particularly with respect to chronic illness.

A relatively small percentage of the elderly use a very high percentage of the total expenditure. So it has to be oriented somewhat toward dealing with those things that we know are the most expensive, and this cannot be done without some special attention to those things. These are the people who need the most expensive drugs. We ought to have a plan in which seniors could choose what fits them best.

We will be continuing to have the general plan that is in place now. If people find they want to stay with it, they will be able to do that. Nobody will be forced to change—at least in the near future. But there will be another plan, an alterative. We have felt that we could follow the plan that is used by Federal employees, generally, as an option. That would be one where there would be a plan laid forth, where we would have different sorts of insurance coverage, and providers will bid on doing that job. Maybe we would take the lowest bids—maybe the three lowest bids, or whatever. It would be a little different—sort of a PPO program, preferred provider program. Some say if you have a PPO, it won't cover everybody. In Wyoming, there are not formal PPOs, but we still have coverage for Federal employees, and there will be an arrangement made so where they are without a form of specific PPOs, they will still be available in the private sector. So I think that is, indeed, the way it ought to be. If we follow that plan, I think it would be one that we can really make available.

One of the things we have been working on—and I happen to be chairman of the Rural Health Caucus—there has always been a considerable amount of difference in the health care programs between urban areas and rural areas. One of the things is, there has not been equity in payments. Payments in urban areas have been higher than in rural areas. They have thought the costs are not as high in rural areas. In fact, because of lower volume, they may be higher in rural areas than in urban areas.

I had an experience recently where an MRI in one town costs almost 50

percent more than the larger city simply because they didn't have the volume. This bill, by the way, has that sort of remedy in it so that we will have urban areas and rural areas that will have equity in the way they are handled. We hope we can do that.

Some have a concern about small counties. We have a situation now in Medicare where we deal with each county to determine the price of service. Here we will have 10 regions over the whole country, so it will be a broader base, which is the basis for insurance, to spread that over a broader number of people so that there is better equity for everyone. I think a lot of provisions in this bill will be much more advantageous for users than what we have had in the past.

We will all be talking about this bill in more detail. I hope we can make some changes and we can remember the objectives. There are so many details involved with Medicare and with health care, as a matter of fact, that I think we have to focus on what it is we are seeking to do and to stay with that.

I hope we can develop a vision of what we want this to be when we are through and try and stay within the parameters of that vision. The objectives will be to strengthen Medicare and provide accessible pharmaceuticals.

There are, as we go about our work, lots of issues involved in health care, many of them beyond Medicare. We have to deal with those issues at another time. I hope we do not try to remedy all problems in health care and get it confused with this program, which is a specific program. For instance, we had some amendments having to do with refugees and legal immigrants. That is an issue, and it is a tough issue, but it is not part of Medicare and we ought to separate those issues so we keep it that way. I hope we maintain our focus so unrelated issues do not become wrapped up in this bill.

We also need to be conscious of spending. We have a budget of $400 billion, an amazing amount of money. But when we compare it to health care costs, it is not huge. I did not think I would ever say $400 billion is not huge. Cost is something, and we have to do something that is efficient. Money is not endless, particularly when it relies largely on what you and I pay in every month. If we have total expenditures that continue out of control, we have to do something different as to how they are paid. We should keep that in mind.

One of the keys—even though we should recognize the needs of low-income people certainly, and that is in the plan and we should do that, as opposed to higher income people—I think it is important everyone who is a beneficiary have some responsibility. When we have a program paying for all of the health care, we get overutilization, without exception. So there has to be some first dollar payment in this program, even though it can be very small, I believe.

We need to take advantage of the opportunity with the volume of pharmaceuticals we will be using, for example, to hold down the costs somewhat. Health care has been going up almost 13 percent a year, which is much higher than almost every other activity. Part of it is because times change and we are doing things so people are healthier, and people are living longer partly because of that. Nevertheless, if you start adding up 13 percent a year on these costs, it would be an almost unmanageable program over time.

I already mentioned this will serve all eligible seniors, whether they are rural or urban. I am hopeful as we go through this very complicated and difficult program. I am very pleased, particularly serving on the committee of jurisdiction, to have been involved in this debate and to see we are as far along as we are, and I am very confident we are going to come out with a package. That, of course, is our responsibility and what we ought to do. As we do that, I hope we have a vision of where we want to be when it is over and take a look at the issues we do in the interim and see if they are going to contribute to providing that program we envision for the future. It is one that ought to strengthen the program. It is one that ought to be available to people all over the country. It is one that ought to recognize the special needs, particularly of very low-income people. It is one that ought to give choice of different kinds of programs so you can choose something that fits you.

I think we have to have a program that does not have runaway spending so that it destroys the whole program over time and that we also recognize related programs, whether it be VA or retirement. These had to be fit in so we could have a total package.

I am looking forward to 2 weeks of considerable debate. I think with all these various issues, we will, frankly, have hundreds of amendments, most of which will be dealt with, and that is good. But as we look at all these different issues, I suggest to my friends in the Senate that we try to focus on what we want the result to be and measure these amendments against that.

I am looking forward to the debate. I am sure most of us are. I think we can come up with a program that will be much better and provide services for the needy better than we have in the past.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I rise to express my strong support for S. 1, the Prescription Drug and Medicare Improvement Act of 2003. Medicare beneficiaries have been waiting decades for a comprehensive and permanent prescription drug benefit. Debate on this legislation is truly a landmark occasion for America's seniors, the disabled, and the United States of America, including our own Senate. I congratulate both the Senate Finance Committee Chairman, Senator GRASSLEY, and the ranking member, Senator BAUCUS, on a job well done. Both of them worked well together. It has been bipartisan. They have done everything they possibly can to bring people together so that we can pass a bill out of the Senate, and they both deserve a lot of credit.

Both of them have been able to put together a Medicare prescription drug bill that not only has bipartisan support but was also approved by the Senate Finance Committee, both remarkable feats. I am so proud of both of them.

The majority leader, BILL FRIST, also deserves credit for his commitment to this issue. He is to be congratulated not only for his behind-the-scenes efforts to move this bill forward but also for his vision in developing with Senator BREAUX the model upon which many of the improvements in this bill are based. Of course, Senator BREAUX deserves a great deal of credit. He has consistently fought to try and get a prescription drug benefit bill, and of course was a member of the tripartisan group in the last Congress.

Finally, I would be remiss unless I recognized the central role the President played in this matter by insisting that Medicare drug coverage must be a top domestic priority. Many believed it could not be done, especially in this, a non-election year.

President Bush's persistence, his commitment, and, indeed, his leadership on this issue will prove those naysayers wrong.

At last, we will provide senior and disabled citizens across the country with the prescription drug coverage they need.

In fact, prescription drug coverage for Medicare beneficiaries has been one of my top priorities, as well, and think everyone knows.

I was the principal cosponsor with then-Chairman Bill Roth of the 1997 legislation creating the Bipartisan Medicare Commission.

That commission, as my colleagues are aware, was charged with making recommendations on how to improve the current Medicare program.

And although commission members were unable to report a recommendation due to the ''super-majority'' vote requirement, the work they did laid the groundwork for efforts to improve Medicare by including the private competition that could provide prescription drug coverage.

Through their leadership on the commission, my friend and colleague, Senator JOHN BREAUX, and our House colleague, Ways and Means Committee

Chairman BILL THOMAS, were instrumental in laying the groundwork for Medicare prescription drug legislation.

More recently, I worked closely with Chairman GRASSLEY, Senator SNOWE, Senator BREAUX, and Senator JEFFORDS in an effort to develop a centrist, Medicare prescription drug bill that the Congress could adopt free from partisan politics. This was an 18-month effort.

We called our effort ''tripartisan,'' because Senators participated from the Democratic, Republican and Independent parties.

I took great pride in our effort, which I believe would have passed the Senate but for election-year maneuvering.

The goal of the tripartisan legislation was to provide all Medicare beneficiaries with quality drug coverage through private health plans. In addition, the tripartisan bill gave seniors and the disabled a choice in health coverage: They could have traditional Medicare, a Medicare+Choice plan or a new enhanced Medicare plan.

It was truly a labor of love. We are proud of that effort and the fact that it laid the foundation for S. 1, the Prescription Drug and Medicare Improvement Act of 2003, which we are considering today.

I predict that S. 1 will not only pass by the Senate by the end of the month, it will be signed into law at the end of the summer. What a difference a year makes.

S. 1 builds on several important foundations we laid in the tripartisan initiative.

And, in many ways, it is far superior to our tripartisan initiative.

It offers beneficiaries a meaningful and reliable drug benefit through the private sector with reasonable and fair cost-sharing. Beneficiaries will have the ability to obtain the drugs of their choice without Government interference and with better coverage choices.

In contrast to last year's bill, the measure we have before us today provides beneficiaries with several choices: A stand-alone drug benefit, a drug benefit through a Preferred Provider Option, PPO, or a drug benefit through an HMO.

Those who do have drug coverage will have the choice of remaining in the existing plans or choosing a Medicare prescription drug benefit. S. 1 also offers beneficiaries a temporary drug discount card available to seniors no later than January 1, 2004. This drug card would be in operation until the Medicare prescription drug benefit is fully implemented.

In sum, S. 1 offers additional assistance to those who cannot afford to purchase their prescriptions.

In a country as prosperous as ours, we can no longer tolerate situations where seniors have to split their pills in half or cannot fill necessary prescriptions because they do not have the money.

A land as great as ours owes it to needy seniors and disabled to help these individuals who many times cannot help themselves.

Another important point is that S. 1 also ensures access to drug benefits for beneficiaries who live in rural areas. This is a must-do for my home State of Utah. S. 1 provides reliable coverage everywhere in America. Wherever there is Medicare coverage, there will be Medicare prescription drug coverage.

In addition, this bill includes important consumer protections. Every plan offered to Medicare beneficiaries will have to be certified by the Federal Government.

A key point is that S. 1 recognizes the role of employers in providing their retirees with health coverage. Let me make it perfectly clear that the intent of this plan is not to disrupt that important relationship between employers and their retirees. We should encourage employers to continue to offer retiree health coverage.

Finally, I must note that this legislation does nothing to dismantle or weaken the traditional Medicare program. The bill offers beneficiaries more coverage options, and does nothing to disrupt the existing physician-patient relationship. That is a fundamental principle that was very important to me as I worked with committee members to draft this legislation.

At this point, I would like to take some time to go into the details of the principles I have just outlined. First, and most important, this legislation provides beneficiaries with more coverage choices.

Let me emphasize, S. 1 does not, I repeat, does not, take anything away from Medicare beneficiaries. If beneficiaries like what they have, they may keep their current coverage. However, if they want coverage similar to private health insurance, S. 1 offers them this choice.

Those remaining in traditional Medicare will be able to receive prescription drug coverage equal to that received by beneficiaries who elect to receive their prescription drug coverage through the new MedicareAdvantage program. MedicareAdvantage is the new name for the current Medicare+Choice program, also known as Medicare Part C.

As my colleagues are aware, today we have Medicare Part A, which is for hospitalizations, and Part B, which is for outpatient and physician coverage.

This legislation will then add Part C, for Medicare Advantage. And, beginning on January 1, 2006, a Medicare prescription drug benefit will be established under a new program which will be codified as Part D of Medicare.

Beneficiaries will have the choice of either adding a new stand-alone drug plan to their current coverage, delivered through fee-for-service reimbursement or they may participate in a program which integrates their basic medical coverage with added pharmaceutical benefits through either a health maintenance organization, HMO, or a preferred provider organization, PPO.

There will be a new Center for Medicare Choices established at the Department of Health and Human Services, with an administrator who will oversee both the new drug plan under Medicare Part D and the new MedicareAdvantage program under Medicare Part C.

To operate the prescription drug plan, the Administrator will create at least 10 regions throughout the country, which must be at least the size of a state. States will not be allowed to be divided among regions.

Private-sector entities will bid to provide coverage. For PPOs, they will contract to provide the entire spectrum of Medicare services, including drug coverage, for the region. For HMOs, they will contract to provide Medicare services, including drugs, for a county.

If a beneficiary elects to remain in the traditional Medicare program, he or she may receive pharmaceutical assistance through a new add-on program which will be administered by a private insurer who has been certified by the government to provide coverage in that region. Many have been concerned that in some areas of the country there will not be private sector entities that wish to provide this new coverage. I share that concern, especially after my own State's experience with Medicare+Choice program.

For this reason, we worked very hard to make certain that there was a safety net, a ''fall-back'' plan that would provide seniors with the coverage they need if no private sector plans came forward.

I will discuss how the fall-back operates in a few minutes, but I did want to assure my constituents that there will be safety net if it is needed.

Another assurance this bill provides to our constituents is that beneficiaries will be allowed to change plans on an annual basis. We do not want any beneficiary to feel that he or she is locked into a program that is not a good fit. So, I have insisted that the flexibility to change plans was present in the bill, and I am pleased it was included.

As I mentioned earlier, one important principle of our plan is that beneficiaries who continue in traditional Medicare or those who enter a new integrated plan should have the same level of coverage.

So beneficiaries can either purchase standard coverage form an insurer or they will have the benefit of participating in a new HMO or PPO plan that includes pharmaceutical coverage valued at the equivalent amount of the subsidy the government is providing for the stand-alone plan.

In 2006, standard coverage would have a $275 annual deductible. For spending over the deductible up to $4,500, beneficiaries would pay one half, and the government the other half.

Eighty-eight percent of Medicare beneficiaries will not reach this limit of $4500 in 2006.

Even so, the plan envisions generous subsidies for beneficiaries who cannot afford their drug coverage, in this case those with incomes less than 160 percent of the federal poverty level.

However, for those with incomes at the above 160 percent of the federal poverty level, there would be no government subsidy for out-of-pocket expenditures once drug costs in total reach $4,500, of which the government would have paid roughly half once the deductible was satisfied.

As a protection against extremely high drug costs, which can prove catastrophic to a beneficiary, we have included a provision limiting a beneficiary's spending to 10 percent of costs once their out-of-pocket expenditures for drugs reaches $3,700.

We want this program to be as affordable as possible for beneficiaries. Indeed, the committee was torn.

We needed to make certain that the program is affordable to Federal taxpayers and does not exceed the $400 billion we have planned for in our budget.

On the other hand, we wanted the coverage to be meaningful and really help seniors and disabled who need assistance.

This is one reason the bill contemplates an affordable, national average premium for pharmaceutical assistance of $35 per month. I know this can be very confusing—even for those of us who drafted the bill—so I want to take this opportunity to explain the standard drug plan and the actuarial equivalent drug plan—the two types of drug plans that will be offered to Medicare beneficiaries.

First, both the standard drug plans and the actuarial equivalent drug plans would have the same deductible.

Second, beneficiary out-of-pocket expenditures would be the same in both the standard and actuarial equivalent plans.

Both the stand-alone drug plan and the MedicareAdvantage PPO plan could offer beneficiaries standard coverage that is described in the statute, or they can offer differing coverage as long as certain provisions are met: The actuarial value of the prescription drug plan would have to be at least equal to the actuarial value of the standard plan; and the coverage would be designed to cover the same percentage of costs up to the initial benefit limit as that provided under the standard plan. Again, the limits on beneficiary out-of-pocket expenses and annual deductibles would be the same in both the standard plan and the actuarial equivalent plan.

Finally, actuarially-equivalent plans would be allowed to vary the monthly beneficiary premium and the beneficiary copayments. In addition, if these plans wanted to offer additional benefits to seniors, they may do so and the beneficiary would be responsible for paying additional costs.

In sum, a beneficiary is permitted to choose a drug plan that best suits his or her health care needs.

In S. 1, we are offering seniors choice in drug coverage. Medicare beneficiaries may stay in traditional Medicare fee-for-service and receive their drug plan through a stand-alone drug plan. Or, they may receive their drug coverage through the new MedicareAdvantage program either through an HMO or the new PPO option.

The plans offered through MedicareAdvantage are integrated health plans which means these plans are similar to private health insurance which combines health and drug benefits in one insurance plan. In order to encourage plans to participate as stand-alone drug plans, interested entities would submit bids to the administrator. This bid would include information on benefits, the actuarial value of the prescription drug coverage, the service area for the plan, and the monthly premium.

Plans could submit bids to provide coverage for a specific region, as established by the Administrator, or the entire area covered by Medicare. Plans could also submit bids for more than one region and they may also bid nationally.

A plan would not be accepted by the Secretary unless the premium, for both standard coverage and for any additional benefits, accurately reflected the actuarial value of the benefits.

The administrator will work with bidding plans so a region will have at least with two stand-alone drug plans that will offer prescription drug coverage to Medicare beneficiaries in an area. These contracts would be awarded for 2 years. Finally, the stand-alone drug plans would be required to accept some level risk.

If only one plan, or even no plans, are unwilling to offer stand-alone prescription drug coverage within a region, the Administrator will enter into an annual contract with an entity to provide a prescription drug fallback plan. This fallback plan, which would be given a 1 year contract, would offer Medicare beneficiaries the standard drug plan.

We have designed this fallback plan to ensure that seniors will have prescription drug coverage across the country. In addition, seniors could be offered prescription drug coverage through a MedicareAdvantage HMO or PPO.

During the Finance Committee mark-up, an amendment was offered that would have given the fallback plan a two-year contract instead of a one-year contract.

While I am sympathetic to some of the concerns raised about the administrative difficulties surrounding choosing a fallback plan within a few months, I do not believe that a 2-year fallback plan is the solution.

I believe that having a two-year fallback plan makes it even more difficult to encourage other private plans to bid in a region. As a result, a two-year fallback plan could prevent a private plan from ever wanting to enter the region and beneficiaries are left with a fallback plan that does not offer much flexibility. Therefore, I would strongly oppose such an amendment.

With regard to the low-income, I believe that we should provide additional assistance to the low-income Medicare beneficiaries when it comes to prescription drug coverage. S. 1 provides additional subsidies for drug coverage for Medicare beneficiaries under 160% of the federal poverty level, individuals with income limits of $14,368 for individuals and $19,360 for couples.

Let's face it, these beneficiaries, in many cases, are struggling with their bills and are barely making ends meet. These are the individuals who are deciding between paying the rent and paying for food. This population makes up 37.4 percent of Medicare beneficiaries.

S. 1 continues to provide drug coverage for the dual eligible population, those who are currently eligible for both Medicare and Medicaid, through the Medicaid program.

Dual eligibles have incomes that are below 74 percent of the Federal poverty level—annual income limits are $6,555 for individuals and $8,848 four couples.

During the Committee's consideration of S. 1, I authored a provision that would reward states that already provide both Medicare and Medicaid coverage for low income individuals between 74 percent and 100 percent of the Federal poverty level.

For the 19 States that have expanded their Medicaid coverage to these seniors, the Federal Government would pay for the Medicare Part A cost-sharing of these beneficiaries. The provision is important because it gives incentives to States that expand their dual eligible programs.

This legislation provides these beneficiaries who are below 160 percent of poverty with additional subsidies for their drug coverage.

There are some who are concerned about the Federal Government heavily subsidizing this population because drug coverage is so expensive. In my opinion, providing additional assistance to these lower-income beneficiaries is the right thing to do. End of story.

With regard to the comprehensive drug program, some have expressed concern that the program will not begin until January 1, 2006. I understand the concerns of those who advocate for immediate coverage for seniors. That's why we created the Medicare Prescription Drug Discount Card available to Medicare beneficiaries no later than January 1, 2004 and would provide discounts up to 25 percent on their prescription drugs.

Medicare beneficiaries would be charged an annual enrollment fee of $25 and could only be enrolled in one endorsed card program. The prescription drug card program would continue to operate for at least 6 months after the implementation of the Medicare Prescription Drug Benefit Plan.

At the beginning of 2004 and 2005, low-income beneficiaries under 135 percent of poverty would be given $600 per year for their drug expenses. These beneficiaries would be permitted to carry any left-over money from year to year. Additionally, spouses may share their drug cards.

I worked very hard to make certain that our new plan does not disadvantage rural areas such as my home state of Utah. The bill before us provides assurances that any Medicare beneficiary, regardless of where he or she lives, will have access to prescription drug coverage.

For example, the legislation requires that at least two stand-alone drug plans would be offered to Medicare beneficiaries in each region. And, if only one plan, or worst case scenario, no plans, bid to offer stand-along coverage, there will be a fallback plan to provide prescription drug coverage. No beneficiary, regardless of where he or she lives, would be without prescription drug coverage.

In addition, for those living in rural areas, the MedicareAdvantage plans will offer beneficiaries a maximum of three PPO plans per region. If PPOs decide not to bid in a specific area, these beneficiaries still will have coverage through traditional Medicare and will also have optional prescription drug coverage.

S. 1 also gives the Secretary of Health and Human Services the discretion to make adjustments in geographic regions so there will not be a large discrepancy in Medicare prescription drug premiums across the country.

However, our first and foremost goal in S. 1 is to provide drug coverage to those who currently have no coverage. We need to help beneficiaries first, but we also need to continue our work with the employer community to ensure that they will continue to offer retiree health benefits.

Finally, I want to take a minute to talk about traditional Medicare and why I believe that the PPO option under the MedicareAdvantage program is the better choice.

Most will agree that the current Medicare program is an archaic system that still looks very much like the program when it was created in 1965. Do any of you remember what was popular in 1965? Most of you probably do not but, unfortunately, I do.

What we are trying to do in S. 1 is provide seniors with the same health choices available to those under 65 today, and not offer them only health choices that were available in 1965! While most seniors are comfortable with the current Medicare coverage, traditional Medicare is outdated in several ways. Besides not offering seniors prescription drug coverage, it does not provide protections for the sickest beneficiaries. To me, that is a major flaw of the program. Most drug plans offer catastrophic coverage for seniors once they spend a certain amount of money for their health care costs. Not traditional Medicare. Medicare requires the sickest seniors to continue to pay for their health coverage out of pocket without assistance.

In addition, beneficiaries currently receive their coverage through Medicare Part A, which covers hospital expenses, and Medicare Part B, which covers providers' expenses, such as physicians. There are deductibles for Medicare Part A, which is $840 in 2003, per spell of illness.

Simply put, this means that a beneficiary who is admitted to the hospital for different illnesses ends up paying this hospital deductible more than once per year. The Medicare Part A program also has copayments and other beneficiary cost-sharing that could be very expensive. On top of it, beneficiaries also must pay a $100 annual deductible for Medicare Part B, along with beneficiary copayments for these services.

The bottom line? Medicare beneficiaries are paying two different deductibles each year for different health services. How fair is that to seniors? And why should seniors be the only ones who have to adhere to such a crazy system?

Private health insurance does not operate like this. Those under 65 do not have to pay arbitrary copayments and deductibles. They have prescription drug coverage in many cases. And they typically do not have to pay extra money out of pocket if they are seriously ill.

I believe that Medicare beneficiaries should have those same choices and that's why we created the MedicareAdvantage program in S. 1.

MedicareAdvantage improves the choices offered to beneficiaries. They would have their choice of coverage in MedicareAdvantage through HMOs, the same Medicare+Choice plans many have been offered or the new preferred provider organization, better known as PPOs.

MedicareAdvantage PPOs would have a network of providers that will agree to offer Medicare beneficiaries coverage for benefits in the traditional Medicare program. Through this PPO system, beneficiaries will be able to see their same doctors, and go to the same hospitals.

If these medical providers are in the PPO network, the beneficiaries will pay the standard coverage for participating network providers. If they do not participate in the PPO network, seniors will pay more to see them. The important point is that, through PPOs, beneficiaries would still be able to see the doctor of their choice.

Similar to the regions created for the Medicare prescription drug benefit, S.1 also creates 10 regions for PPO coverage. To make things simpler, the secretary of Health and Human Services would be allowed to use the same regions as the ones established for the prescription drug program.

Again, these regions must include at least one State—and parts of one State could not be divided up into separate regions. A maximum of three PPO plans per region would be offered to Medicare beneficiaries. The HHS Secretary would calculate what the benchmark payment from the federal government would be for these new PPOs. This benchmark would be based on the higher payment of traditional Medicare FFS or the Medicare+Choice payment for the specific region.

The MedicareAdvantage PPO will provide beneficiaries with the health coverage that is similar to private health insurance. Instead of the crazy patchwork of deductibles and copayments imposed on beneficiaries in traditional Medicare, it would offer them a combined deductible, instead of separate deductibles like traditional Medicare.

MedicareAdvantage PPOs will offer beneficiaries with catastrophic health coverage. If beneficiaries choose the PPO option, they will not longer be completely responsible for bills associated with catastrophic illnesses. The PPO plans would determine appropriate levels of beneficiary cost-sharing—deductibles, catastrophic limits and copayments, not the federal government.

In addition, plans under the MedicareAdvantage program will provide beneficiaries with coordination of care.

It is unfortunate that the traditional Medicare program does not have any disease management or chronic care management programs available for all Medicare beneficiaries. This is something many of us had hoped to improve for years.

Under S. 1, MedicareAdvantage plans will create disease management programs and, in my opinion, do a much better job of monitoring the health care needs of individual Medicare beneficiaries than traditional Medicare.

In the worst case scenario, if PPO plans do not offer coverage for a specific region, the Medicare beneficiary would have traditional Medicare coverage along with a prescription drug benefit. Seniors will always have health insurance coverage and the option of prescription drug coverage as well.

Before I close, I want to address one of other important priority of mine.

Although we have worked for several years to pass a Medicare prescription benefit in the Senate, we have worked just as long to pass a Medicare regulatory reform bill.

That is why I am delighted that the ''Prescription Drug and Medicare Improvement Act of 2003'' includes ''The Medicare Education, Regulatory Reform and Contracting Improvement Act'' a bill that I am introducing this year in the Senate. This bill is called MERCI [mercy] because it provides regulatory relief for Medicare providers and improved services for beneficiaries.

Medicare's antiquated regualtions—three times longer than the U.S. tax

code—prevent providers from delivering health care efficiently and beneficiaries from receiving the care they need.

Secretary Thompson has said, ''Patients and providers alike are fed up with excessive and complex paperwork. Rules are constantly changing. Complexity is overloading the system, criminalizing honest mistakes and driving doctors, nurses, and other health care professionals out of the program.''

Failure or just the perception of failure to follow Medicare's needlessly complex rules can result in audits, withholding of payments, and crippling of a physicians' practice. Furthermore, obsolete restrictions on Medicare contracting authority impose burdens and inefficiencies on contractors, taxpayers, providers and beneficiaries.

This bill improves the Medicare program for beneficiaries and provides by clarifying regulations, rewarding quality and by enhancing services.

The bill decreases waste, fraud and abuse in Medicare in ways that are just and fair for beneficiaries, contractors, and providers by eliminating retroactive application of regulatory changes, and by expediting the appeals processes for beneficiaries, providers, and suppliers of Medicare services.

It improves communication between HHS and both Medicare providers and beneficiaries by enhancing central toll-free telephone services and providing for provider and beneficiary ombudsmen. It increases competition, improves service and reduces costs by providing for a competitive bidding process for Medicare contractors that takes into account performance quality, price and other factors that are important to beneficiaries.

And, it decreases Medicare billing and claims payment errors by improving education and training programs for Medicare providers and at the same time creates an expedited appeals process for Medicare claim denials.

These provisions will improve the delivery of health care services to Medicare beneficiaries by enhancing the efficiency of the program for all concerned.

It is high time that we made Medicare more user-friendly. I want to thank my colleagues Senators Grassley and Baucus for working with me on these provisions.

In conclusion, I believe that this will assist all Medicare beneficiaries, especially those without prescription drug coverage, by providing them with a choice of quality prescription drug coverage and a choice of quality health coverage. Passing this legislation is the right thing to do for our seniors.

It is remarkable to me that close to a year ago, we were having the same debate on the Senate floor.

Last year's outcome was a major disappointment to me and my tripartisan colleagues. At the time, I honestly believed that last year was our final chance to make improvements to the Medicare program for a long time.

But here we are, almost a year later, debating this important issue once again. Thankfully, we have a Finance Committee chairman who has been able to guide this legislation through the Senate in a timely manner. Thankfully, we have a President who made Medicare prescription drug coverage for seniors one of his top priorities.

This year is different than 2002.

This year, we have accomplished what we could not accomplish last year.—We have put partisan politics aside and written a bill that is truly bipartisan.

And because of this bipartisan effort, I believe a Medicare prescription drug benefit will become a reality for Medicare beneficiaries across the country. The wait for Medicare prescription drug coverage will soon be over thanks to the hard work of the Senate Finance Committee, especially Senator GRASSLEY, Senator BAUCUS, Senator SNOWE, Senator BREAUX and Senator JEFFORDS.

This is a historic time for the United States Senate.

I notice my esteemed colleague who has done so much in the field of health care in the House, and who has started anew here in the Senate in many ways, is here to speak.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, before he leaves the floor, I just want to commend the distinguished Senator from Utah on all his extraordinary work in the health care field. If you look at what the Senator from Utah has achieved in the S–CHIP area, his work that led to the Hatch-Waxman legislation, and what he has done on a whole host of health care issues, the senior Senator from Utah has made an extraordinary contribution.

As we begin this discussion on Medicare reform, I commend the Senator from Utah on an excellent statement. I think the Senate will have another success over the next few weeks. After the Senator's success on S–CHIP, Hatch-Waxman, community health centers, and other areas, there will be yet another significant milestone the Senator from Utah will have helped to achieve in the health care area. He and I are working on a variety of initiatives now. I commend the Senator on an excellent statement and wish to associate myself with his remarks.

Mr. HATCH. Mr. President, I thank my colleague. He is a definite leader in health care. I enjoy working with him and appreciate his kind remarks.

Mr. WYDEN. Mr. President, a Congress that can find hundreds of billions of dollars in money for tax cuts and the money to rebuild a foreign country must find a way to make Medicare work better for the Nation's vulnerable senior citizens. That is what the next two weeks are all about, and they are historic weeks for the Senate.

Updating Medicare is an issue I have felt very strongly about for several decades because my public service career began in the early 1970s, when I served as codirector of the Oregon Gray Panthers and ran the Oregon Legal Services Program for the elderly. Back then, the old saw was that Medicare was just half a loaf. Of course, from its beginning, Medicare did not cover eyeglasses, hearing aids, dental care, and a host of services that are so important to vulnerable older people. But of particular concern, even then, was the fact that medicine, in so many instances, was both unaffordable and inaccessible. Now the Senate has an opportunity to do something about that in providing a real measure of relief for the Nation's older people. I believe over the next couple of weeks what the country is going to ask is not what a particular philosophical approach of a Senator was, but whether that Senator was part of an effort to find the common ground in finally getting real results for the Nation's older people.

Senator OLYMPIA SNOWE and I offered the first bipartisan amendment to the budget resolution to fund a Medicare prescription drug program back in 1999. We followed that action up by introducing the first bipartisan proposal called SPICE, the Senior Prescription Insurance Coverage Equity Act. I am very proud to be able to stand on the floor today and say that because of the dedication of members of the Finance Committee, the leadership of both sides, many of the provisions Senator SNOWE and I have been advocating for a number of years have been included in the legislation the Senate will vote on over the next couple of weeks.

We were concerned then that traditional Medicare not be skimpy, that it be a good benefit package, and that it would be affordable for older people. Suffice it to say, under the legislation the Senate will be considering, traditional Medicare will survive. The millions of seniors who want to take that program will be able to do so. Traditional Medicare will not wither. It will not vanish as a result of being underfunded or having provisions that would make it less attractive for seniors to choose.

A number of important consumer protection provisions are included in this legislation, something I think is absolutely critical if you are going to allow private plans to play a bigger role in delivering this benefit.

I have had a great interest in this area since the distinguished minority leader, Senator DASCHLE, and I wrote a Medigap law a number of years ago which eliminated a lot of the unscrupulous practices that were taking place in the insurance market designed to supplement Medicare. Now there are standardized benefit packages for these Medigap supplements, and a lot of the abusive activity that used to go on, that used to exploit older people, has been eliminated.

Many of the consumer protections in this legislation have been borrowed from the Medicare Choice Program,

really building on what Senator DASCHLE and I wrote into the Medigap law years ago, and are a significant step in the right direction.

I think there are also important steps included in this legislation to make medicine more affordable to the Nation's older people. It seems to me by giving seniors more choices, you make it possible for seniors to have the opportunity to get medicine that is more affordable because for a private plan to attract a senior subscriber, that private plan is going to have deliver medicine in an affordable way. So there will be a concrete incentive to actually hold down the cost of medicine because those private plans will not be in a position to make money, they will not be in a position to be profitable if they cannot attract seniors by keeping down the cost of medicine.

So it is important that this legislation be enacted. I have always felt Government really comes down to people, and it comes down to those who tell us exactly what their experience has been with health care and various other areas of Government.

What has really colored my judgment on this issue are the accounts I have heard from seniors, many of them going back to my days with the Gray Panthers. Not long ago a woman from my hometown of Portland, with $806 in monthly income, had prescription drug bills totaling $150 a month, and she got no help from Medicare whatsoever. My staff and I inquired about how she was able to get by, and her answer was just heartbreaking. She said: I just do without, and I pray.

I do not think that is good enough. As I said earlier, I think a country and a Congress that can find hundreds of billions of dollars for tax cuts and a hundred billion dollars or so to rebuild a foreign country can do better by seniors on Medicare. So this legislation provides an opportunity to do that.

I think there are a number of important issues for the Senate to zero in on as we begin this debate, the first of which is the cost. A number of Senators have said this legislation is costly and it will be difficult to finance in the years ahead. What I would say, Mr. President and colleagues, is this country cannot afford not to cover this vital service for older people.

Not very long ago a physician in Hillsboro, OR, wrote me and said he put a senior citizen in the hospital for something like six weeks because that person could not afford their medicine on an outpatient basis. That is pretty bizarre by anybody's standards. If a senior is hospitalized, they get their medicine covered under part A of the Medicare program. But, of course, if the senior faces a serious health problem and is not hospitalized, they have to resort to outpatient services, and Medicare part B historically has not picked up the bill for drugs.

So what we saw in Hillsboro, OR, not long ago is that it costs thousands and thousands of dollars for a senior to be hospitalized in order to get the Medicare benefit. It would have cost a small fraction of that if the drugs were covered on an outpatient basis.

When seniors and others wonder about the cost of this benefit, and for Senators who are asking if the Nation can afford prescription drug relief for older people, my message is, America cannot afford not to do this. America cannot afford inaction and having older people hospitalized, facing serious health problems simply because they are not able to get medicine in a cost-effective kind of way.

Second, as we look at this issue, we ought to understand that older people are getting hit by a double whammy when they try to afford their medicine. First, Medicare does not cover their purchases. But secondly, the older people of this Nation are subsidizing those who do have bargaining power, the health plans and big buyers who are using bargaining power to knock the price down. What we have been trying to do, going back to the days when Senator SNOWE and I introduced the SPICE legislation, is give seniors some bargaining power, a chance to be on a level playing field with the big buyers, with the HMOs, with those who have bargaining clout. This legislation puts seniors on a more level playing field so that they are able to better afford their medicine and that is a step in the right direction.

There are going to be a number of issues that will come up in the course of the debate. One that my State feels very strongly about is the fact that Medicare's payment system penalizes those who have been efficient. Historically, States such as Oregon that have been innovative in the health care area have taken concrete steps to hold costs down. You would think the Federal Government would reward them. You would think the Federal Government would give them a break for stressing cost containment. The reality has been just the opposite. The Medicare Program has penalized States for holding costs down.

This legislation doesn't do as much as I would like it to do to remove the penalties against those who have been efficient, and I am hopeful that as we consider the legislation more can be done in that area.

It does take significant steps to address the question of rural health care, something that has been particularly important to me. Senator SMITH and I have included it in our bipartisan agenda for the State of Oregon. All who represent States like ours know that States that are largely rural find it extremely hard for seniors to get the care they need. Very often they don't have hospitals or doctors in close proximity and clearly need extra help in order to ensure that our rural communities survive. The fact is, without rural health care, you cannot have rural life. I am not prepared to sit by and let rural communities become sacrifice zones. That is why the provisions in this legislation to provide better reimbursement for rural health care are heartening.

The provisions in the legislation for rural health take strong steps forward. It would adjust hospital payments to account for the higher costs associated with low-volume hospitals. It makes changes to what is known as the ''swing bed concept'' which will help critical-access hospitals, and it creates a floor for geographic payments for physicians and offers improvements for rural health clinic reimbursement.

More needs to be done to assure that provider reimbursement is adequate. Better reimbursements obviously keep more qualified doctors and other providers in the Medicare system. That, of course, provides more choice and better care for the Nation's older people.

I have been involved in a number of efforts with respect to trying to help seniors with their prescription drugs over the years. I have been involved in measures to expand access for generic drug coverage. I have been involved in efforts to give more bargaining power to public programs, particularly the Medicaid Program, and the program for the Veterans Administration. I have believed, even most recently with the drug Taxol, which is the largest and biggest selling cancer drug in history, that the Government has to do a better job of striking a balance between the need to get drugs to market quickly and be sensitive to making sure that medicine is affordable and that the interests of taxpayers are protected.

But all of those steps together, which have been of some help in terms of making medicine more affordable for older people, do not rival what the Congress is facing now in terms of modernizing the Medicare Program and providing concrete relief to the millions of the country's elderly who are watching now and urging the Congress, after years of partisan action, to actually produce results and address their drug costs.

The fact is, Medicare reform isn't easy. No Senator walks away with everything he or she wants. But there is a chance now to make sure seniors don't walk away empty handed. It is not going to be inexpensive. There will be some who want to spend more. Certainly, I have believed the key issue for all these years has been to try to find the common ground, to act on a bipartisan basis—Senators BAUCUS and GRASSLEY have done that—and we must not let this legislation go by the wayside once more.

For my part, I will do anything over the next couple weeks to build the bridges that are necessary to make health care more accessible and more affordable for the Nation's older people. This is the issue I care the most about, the question of making health care more affordable and more accessible. We have the most talented, dedicated, and caring health care providers on Earth. They deserve a Congress that

does a better job of setting in place the governmental policies that allow them to deliver the best and most affordable health care that is possible. This has been my goal since I came to the Congress. This is the issue that has been most important to me throughout my years in public service.

More than 25 years ago, when I was codirector of the Oregon Grey Panthers, we were talking then about what it would take to modernize the program, to turn that program that began as just half a loaf into a program that would deliver the best possible services to the Nation's older people. You cannot do that without covering prescription drugs for vulnerable elderly. This is an opportunity, if not to do everything that needs to be done, to take substantial steps in the right direction.

I urge my colleagues over the next couple of weeks to work together on a bipartisan basis to finally accomplish the reforms that are necessary.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I rise to address this historic opportunity for strengthening Medicare and providing prescription drug benefits for our seniors. I am pleased that as a member of the Finance Committee I was able to participate in the construction of the legislation which is before us now and to be able to speak to this historic legislation on the first day we are considering it.

My understanding is that as of Wednesday we will be able to begin offering amendments to the legislation, and I know it is the leader's intention that we complete it before the end of the following week so that the bill can be merged with the House bill which should be adopted at roughly the same time. We can go to a conference committee, iron out whatever differences we have, and get this bill to the President as soon as possible. It is the President who has led on this initiative and who has promised the American people that we are going to provide both a new prescription drug benefit for America's seniors and a strengthening of Medicare so that we know that this program can continue on into the long-distant future and not be troubled by financial problems that we can see on the very short-term horizon.

So this Medicare reform legislation, S. 1, that is before us now offers us a historic opportunity, one I think we must be very careful not to squander. In that regard, let me discuss, first of all, the problems we are going to be trying to deal with here, the way the Finance Committee bill attempts to deal with them, and then I will conclude with some concerns I have about some changes I believe we are going to need to make to ensure this will work for the benefit of our Nation's seniors.

First, let me discuss the need. There are a couple of key things to keep in mind here. Just as with the Social Security system, of which Medicare is actually a part, Medicare cannot continue to pay the benefits we have promised America's seniors, primarily because of the good news that America's seniors are living longer, and we are finding more and more ways to treat their diseases and illnesses, all of which, of course, costs money. But we should not consider that bad news. In fact, we consider it a very fortunate dilemma that we face, in which we are not only able to prolong life but enhance the quality of life for our seniors. That is the reason we want to deal with this problem now.

But as seniors are living longer, this is going to provide a greater financial burden on taxpayers, and we find that the number of taxpayers paying for it is actually decreasing in relative size. Therefore, we see a financial insolvency for Medicare not too far down the road. In fact, by the year 2026, the system will be, technically, out of balance. By 2012 or 2013, we are going to have to begin paying out of the trust fund for Medicare, which means that the general fund is going to have to be tapped to help to pay for the Medicare funding and the hospital insurance program is going to be in debt. The long-term costs for Medicare are staggering when you stop and think about it, although, again, this can be looked at as good news since we are finding ways to treat our illnesses. And while it costs money, it still preserves our quality and length of life. Therefore, we should be happy for this condition. But it will cost money.

To give you an idea, over the next 75 years, the average deficit of the hospital insurance program is 2.4 percent of taxable payroll, which is 71 percent greater than the projected funds coming into the program over the same period. So we have a huge deficit we are going to face in how to fund our Medicare commitments to seniors.

In addition, when Medicare was created in 1965, it was a very different program than Americans have become accustomed to now. For one thing, it didn't have a drug benefit. We are all committed, I think, to the proposition that we have to add a drug benefit to Medicare, among other things, because now, unlike in 1965, treating through prescription drugs, through medication, has become really the preferred option in most cases. We no longer need acute surgical care, for example, to treat many situations. We are able to control the illnesses through the use of medications. Isn't that a much more humane and satisfying way to treat diseases than through some intrusive kind of treatment, such as surgery?

So medical advances have permitted us to accomplish a great goal. We are going to have to add this benefit to Medicare, however, if we are to achieve the degree of success we would like to achieve. Nobody who has health insurance in the private sector has a structure like Medicare does today. For example, in the private sector, you usually only have one deductible for your insurance. And then your copayment—if it is for drugs or some other kind of benefit—is usually at the front end of most of those services. Most of the time in the private sector, people have catastrophic insurance coverage. In other words, you will pay a deductible and there will be some copayment for the other services you derive along the way. But if your illness is so severe as to cause huge medical costs, that catastrophic care is paid for with your private sector insurance premium. Not so with Medicare.

With Medicare, it is almost exactly the opposite. There are two deductibles, one for part A and one for part B, for hospital stays and physician services. It is especially complicated for hospital stays. And you have high copayments under Medicare that are toward the back end of the coverage. You have no catastrophic coverage at all, as a result of which seniors have had to go through a distribution of Medigap insurance, private sector coverage, coverage sometimes from their employer, and the Government's Medicare Program and, in some cases, some even do without. There is no drug benefit today as a part of Medicare.

So all of this has to be dealt with. Clearly, we cannot continue to work with a program that is not going to be able to treat our senior citizens as we have moved into the 21st century, which is the historic opportunity we are presented with. The first way to respond to that is to add a drug benefit to Medicare. Clearly, as I said, we are all committed to doing that.

S. 1 provides a generous universal benefit for prescription drugs. I think, given our budget constraints, the bill put together by the chairman and ranking member of the Finance Committee is a very good start to providing that kind of universal benefit of covered pharmaceuticals.

Now, importantly, the way the bill is constructed, no senior will have to leave the traditional Medicare. The first option is you can stay right where you are, and there is a drug benefit added to traditional Medicare. It will have the same actuarial value as the drug benefit added to the alternative choices that will also be provided now. For those who are satisfied with Medicare, except they would like to have a drug benefit, that is precisely what will be available to them. For those who would like to or are used to having a private sector insurance plan, that option or alternative will be available as well. You don't have to choose it, but if you do choose it, it will have a drug benefit with the same actuarial value as that provided or added to the traditional Medicare. But it will also have a variety of other kinds of options.

For example, you will probably have just one premium, one deductible, and copayment then for some of the services at the front end. There will probably be catastrophic coverage at the back end. In other words, you will be

protected against the very large medical expenses you may face. That catastrophic coverage will be part of the premium and part of the subsidized care from the Government.

This new option that is being provided is primarily being structured like the preferred provider organizations, or PPOs, which currently serve a lot of our population in the private sector today. If you are part of an employer-based insurance plan, for example, chances are you are enrolled in a PPO, or preferred provider organization. What is this? It is an insurance plan that pays you benefits with a premium, deductibles, and copays, as I said. There is provided a list of physicians you can go to, including specialists, generalists, and so on. Ordinarily, you can even go to a physician not on the list, but you may have to pay a little bit more for the coverage. In other words, the insurance will pay up to a certain amount and you may have to pay the difference. It is your choice. If you want to do that, you can. If you don't want to, you don't have to do that. That is what a lot of us are used to.

There is a third kind of insurance, called the HMO, or managed care. Some people are very happy with the Medicare version of that. It is called Medicare+Choice. That is only available in certain parts of the country. We are not touching that. If you are happy with Medicare+Choice and you are in that, you will be able to continue to participate in that. As a matter of fact, it is hoped there will be more of those kinds of plans operating as a result of the private insurance option that will be made available. But nobody has to participate in that if they don't want to.

The drug benefit that will be provided will have the same actuarial value as that of the PPOs and of traditional Medicare. Think of it in terms of traditional Medicare on one hand, plus a drug benefit and this new option of PPOs on the other hand. It, too, will have the same actuarial value drug benefit.

On the PPO, however, there will be more integrated care. In other words, there will be a group of physicians who are taking care of you and they may have you do more preventive care, more tests. It would be to their benefit to not have to pay a lot of money for your heart attack, for example, so they want to keep you healthy and not get that heart attack. It enables you to take care of yourself in such a way that, hopefully, you will not have the heart attack. Under traditional care, you may not go to the doctor until you are really sick, at which point, of course, then are you not only going to be in trouble but there will be higher bills to pay.

The idea of PPOs is maybe to reduce the overall cost of providing the care by taking care of you better so, of course, you will be more healthy, which is to the benefit of everybody.

It is not going to work out that way for everybody, but at least the alternative or the option is there. Therefore, if you decide this is a better option for you, you will be able to participate in the PPO.

I identified the need briefly, and I went into some description of the alternative plans provided in this legislation. Let me turn now to the one concern I have because I think we all want to make sure that if we are going to provide an alternative, it works.

If we are really going to strengthen Medicare so people will have options or have choices, we expect those choices to provide better care, perhaps for a lesser amount of money, perhaps not, but better care should be the primary goal here. If we are going to attract people to enroll in that option, then we have to make sure it works.

One of the concerns some of us have is that the way the bill is structured currently, it is less likely to succeed than it would if it were as the President originally proposed it. Let me go into a bit more detail what I am talking about.

One of the problems with Medicare today is that we have price controls on the health care providers. The Government decides exactly how much it is going to reimburse doctors, for example, and that is how much they get reimbursed. The problem with that is we are trying to control costs, and so the Government keeps ratcheting down what we pay the doctors until we find the doctors are deciding not to treat Medicare patients anymore, until they decide they just cannot afford to continue to be part of Medicare.

At this point, because we want to make sure seniors have plenty of health care providers available to take care of them—and, frankly, we do not want to put any of the health care providers out of business, obviously—then all of a sudden we are going to pay more to allow them to stay in operation, and that costs a lot of money. We put that back into the system. Then we begin to ratchet down what we pay again. It is the traditional problem of price controls.

Nobody knows better than the market what the price of a good or service ought to be, but some bureaucrats, the idea goes, know better than the market. Whenever it is tempting for us to think that, we ought to look to history for a lesson. Price controls never work.

Think of it in the way earthquakes occur. We have the great tectonic plates of the country, and they are constantly under stress. We may go for quite a long time without an earthquake, but if we have those tectonic plates stressing, all of a sudden, it is going to get to the point where they just cannot stand to be together anymore, and they are going to move. That creates an earthquake.

It is a lot like that when it comes to price controls. We may be able to keep the lid on prices for a while, but the inevitable pressure will increase to the point that eventually something has to give. One thing that can give is that we no longer have the providers willing to provide the service because they are not getting paid enough to stay in business. Therefore, we have a little revolution on our hands where people say: Look, they are all leaving the practice. We want to be cared for; can't you pay them more money? The Government says: OK, we will do that. We provide the money. What have we saved?

It would have been much simpler to have allowed the market to work along the way so that the providers could be reimbursed what they need to stay in practice, the beneficiaries of care continue to be provided that care, and we have a more stable financial situation as well.

Price controls simply do not work, and they have not worked in Medicare where we have tried to control the prices of the providers.

What makes us think that controlling the prices of the PPOs is going to be any more successful? It clearly is not going to be, and yet that is, in effect, what we have in this bill.

We have said we want to provide a private sector option, and then we place price controls on how much we are going to pay the providers. Some people say we might as well just stick with the current system of price controls on the providers. If we are going to provide a real private sector alternative, then do not turn around and cap the prices we are going to pay.

The Government has a legitimate obligation to keep prices down, and I will get to that in a moment. But by the same token, we have an obligation to provide high-quality health care. If we are going to make the decision to provide an alternative to traditional Medicare, one which provides choices for people and relies upon the private sector to design plans that best meet the needs of different seniors all over this country, then we need to let those plans work.

The way the administration designed it was that in deciding which PPOs would be allowed to provide the services, they would simply allow a competitive bid process. The plan is to have approximately 10 regions in the United States, to have the country divided; 50 States divided into 10 regions. Think of it as roughly 5 States per region, although that is not exactly how it will work out.

In each region, if you are an insurance company and you want to provide this alternative to Medicare, you would bid and the three companies that provided the lowest bids would have the opportunity to provide this care. They would then be reimbursed by the Government at the level of the middle bid.

In other words, if you had $10,000 for the top bid and $9,000 for the middle bid and $8,000 for the third bid, then all three companies would be reimbursed at the $9,000 per patient level, speaking hypothetically, of course. That competitive bidding process would enable

the insurance companies to figure out how much money they need to make to stay in business, but also how little they can charge in order to get the business.

It is the same process that any company undergoes. For example, a construction company wanting to build a highway bids on the highway. If they bid too high, they are not going to get the job. If they bid too low, they are not going to be able to pay all their workers and make a go of it. So they have to calculate what it is going to take to stay in business, to make a little profit, and still get the business. That is what encourages them to be careful with how they spend their money—to be economical, frugal, and thoughtful with what they do, and keep the customer happy.

The same thing happens with insurance companies. When the Government comes along and says, We are not going to take the three lowest bids, we are going to put a cap on how much you can bid, they have totally distorted the process. So if the Government came along and said, for example, that $10,000, $9,000 and $8,000, no, we are not going to do that, we are going to say no company can bid more than $8,000, what is that going to do? The company that bid $10,000 is going to say: We cannot make any money at that; we cannot even serve the patients; and we are not going to try to fool anybody and go into debt. So we are not going to bid.

The company that bid $9,000 is going to say: I do not know if I can make it work. We had better not bid for the same reasons.

The company that bid $8,000 is going to say: We can make a go; the Government says we cannot bid more than $8,000; we are going to bid that. What kind of choice do the consumers have? One company.

What if the Government decides it knows best and the bureaucrats decide to set the level at $7,000? Then how many companies are going to bid? This is precisely the problem the Congressional Budget Office identified.

The Congressional Budget Office said when you set the bid at the Medicare payment level, which is the way the bill is constructed, that is what the level is going to be, you may end up with nobody bidding. Do you know what the Congressional Budget Office says the participation rate is going to be under the bill? Two percent. Effectively nobody is going to bid. Nobody is going to be able to participate because the Medicare level—remember the price control level I talked about before—that level is going to be the level set under the bill.

What they are saying is almost nobody is going to be able to work under that artificial capped rate. So only 2 percent of the people are going to participate in these plans. The plans are not going to be able to provide a robust enough benefit, a benefit that attracts people into the plan. What are the plans going to do? Obviously, they are not going to participate. What kind of option have we created?

There are some on the far left, I suppose, who will say that is great; that proves the only thing that works is a Government, one-size-fits-all medical benefit, and we can finally get to the single-payer system some wanted to do all along. Those, on the other hand, who want to see the private market system work, will say: No, let's try to adjust the bill; it will not take a huge adjustment, to be sure it can actually work. The way we would adjust it is we would simply substitute this Medicare capped rate, the price control rate, for that which the President originally proposed; mainly, take the three lowest bids. The bids still have to be low enough to get the business, so there is still a big incentive to keep the cost down, but at least you know you are going to get some people bidding.

The estimate in this instance is the participation would be somewhere between 30, 40, or maybe even more than 40, 48 percent, something like that, 43 percent. That is a lot more people participating in the plan. It at least would have a chance to work then.

It seems to me, if we are dealing between estimates of 2 percent on one hand and over 40 percent on the other hand, that is too big a difference for us to be rushing to pass this bill.

Nobody knows for sure what the answer is. Will it be 2 percent? Will it be 40 percent? If we are dealing with that kind of uncertainty, it seems to me we should not be rolling the dice, especially since what is at stake is the quality of health care for our senior citizens. We ought to take our time and do it right.

As I said, fortunately we have the answer in front of us. It is what the President originally proposed, take the three lowest bids and then use the middle of those three bids. We could easily substitute that for what is in the bill today. If I had my druthers, we would even go one step further.

Those of us who say what we are providing for our seniors is very much like what Members of Congress get in health care are almost right but not quite. Under the FEHBP, the Federal Employees Health Benefits Plan, all of us, plus the other 10 million Federal employees, get a chance to enroll in one of several PPOs.

Do the PPOs that provide the care for Federal employees, including Members of Congress, have price caps on them? No. Do they even have to take the three lowest bids? No. Whatever companies would like to bid that will offer the benefits that the Government promises to its employees, if they are qualified companies and they offer the benefits, it does not matter what they bid; they get to offer those benefits to the employees.

Now, if they bid way too high, they can still bid and they can still offer the plan, but none of us are going to join because it will cost too much money. So they still have to be reasonable. But if they want to participate at a rate higher than some of the other plans, they can try. If they can sell their product, then who is hurt? Not so with Medicare. What the President has said is in order to keep the costs down, we are going to take the three lowest bids. Well, that is not as good as what the Federal employees have, but we believe it is a system that can be made to work. What cannot work is to go to the lowest common denominator, and that is the Medicare artificially controlled, capped price control rate that CBO says will not work. That is the change we are working with the chairman and the ranking member of the committee and the administration to effectuate in this legislation. We have to get the score from the Congressional Budget Office; that is to say, they have to tell us how much the two different versions would cost so that we would know and be able to fold that into the $400 billion budgeted amount with which we have to work. It is my hope over the next few days that we will be able to do that and be able to offer an amendment that can be supported by all of us that would permit a more plausible scenario for the preferred provider organizations to succeed so that we can honestly say to our seniors they have two legitimate options.

They can stay in traditional Medicare or there is a good PPO option, their choice, and have some confidence that the PPO option will actually work and will be a good option for them.

I am going to close with this thought: Whenever there is a third party paying for something that is near and dear to you, you have to be very careful because that third party is going to have a dual loyalty. If it is an employer or the Federal Government, let's say, and they are buying your health insurance, they want to take care of you, your employer wants you to be happy and healthy, and in a plan like Medicare, the Government certainly wants to take care of the senior citizens, but there is another motivating factor for either the employer or the Government. What is it? It is, how much does it cost me? The employer can only afford to pay so much for the health care of his or her employees. The Government, because it is taxpayer money, can only afford to pay so much for the care it provides to senior citizens under Medicare. So you always have to ask the question: If I am relying upon my employer's provided insurance or the Government's provided insurance, am I getting the best quality care I can get? Reasonably. Am I getting affordable, high quality care? It is a question you should always be asking because when a third party pays, there are mixed loyalties.

If I am paying for it all out of my own pocket, and I can afford to do that, then I am going to pay for good care for me and my family. But if I am paying for a complete stranger's care just ask yourself: Do I care quite as much? Am I going to be quite as concerned

about the quality of care or am I going to be at least equally motivated by how much it costs?

Being concerned about saving money, am I going to maybe skimp and save a little bit? What is the result of that skimping and saving? Is it going to be a lower quality care?

When we set a price and say you can only bid so much, what is the potential effect of that? It is lower quality care. That is the tradeoff we have to be very careful of. We are buying care for senior citizens and we have to be very careful that in our concern about wasting taxpayer dollars and being able to afford this quality care, that quality does not suffer as a result.

I submit the best way to do that, when the third party, the Government, is paying for the bulk of this care, is not to set a price cap because the inevitable result will be the ratcheting down of the prices and very uneven, if not poorer, quality care but, rather to allow the insurance companies to bid what they think they have to to win the contract but enough to provide high-quality care.

Will that cost less than traditional Medicare? A lot of people at CMS, the Government-run Medicare system, think it will be actually less than traditional Medicare. Will it be more than traditional Medicare? It might be. CBO thinks it will be more. The experts are not sure. I suggest that actually there is no one answer. It will depend upon how things evolve. So we cannot know for sure one way or the other.

So why should bureaucrats or Senators think we are so smart as to be able to predict this in advance when, again, one Government agency says 2 percent and another one says over 40 percent? Clearly, the experts are in disagreement. Why would we be so arrogant as to think we know best and can set those prices? Let the market work and determine what can be bid for companies to stay in business but provide high-quality care. Then let the customer, the consumer, the seniors, decide are they getting their money's worth or not. If they think this is a good deal for them, they will choose that option. If they think it is not, they always have the traditional Medicare option to stick with. So it is the best of all worlds.

That is what this is all about, not trying to shoehorn everybody into a one-size-fits-all plan. Regions of the country are different. Urban versus rural is different. The needs of seniors are different. There are so many different factors that we should not presume to know best. We need to be willing to spend what it takes for high-quality care. The only way we are going to know what that amount is, is to let the market work, not to impose an artificial control on it. That is why I think we are going to have to make a change in this bill.

Fortunately, it is a relatively modest change, but I think it is a critical change because it could mean the difference between a successful Medicare Program and one which is not, and we will have missed a historic opportunity to strengthen Medicare if we fail to address these kinds of issues in the legislation that we are dealing with over the course of the next 2 weeks.

I thank the chairman and ranking member of the Finance Committee for their hard work, the administration for the work it has put in, my colleagues who have worked a lot on this, and I am hoping over the next several days we will be able to come together in a bipartisan way to craft a plan that truly provides new drug benefits for our seniors, choices that they will like and appreciate, and a private sector alternative that has a chance at working.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, today the Senate begins a truly historic debate on landmark legislation that will make affordable, comprehensive prescription drug benefits available to our Nation's seniors as well as to people with disabilities who receive Medicare benefits. This legislation is long overdue, but I am confident the Senate will, in fact, approve it before the Fourth of July. That is good news for our Nation's seniors.

The Prescription Drug and Medicare Improvement Act that the Finance Committee approved last week represents the most significant expansion of the Medicare Program in its 38-year history. I commend the chairman, the ranking member, and the other members of the Finance Committee, including my senior colleague, Senator SNOWE, for their hard work in devising and developing this important package.

We now have an unprecedented opportunity to make the improvements necessary to ensure that the Medicare Program can provide peace of mind to our Nation's seniors and true health security, not only to the 40 million American seniors who rely on Medicare today but to future generations as well. We want a strong Medicare Program that meets the needs of our grandparents, our parents, and our children's generation.

With recent advances in research, prescription drugs can become literally a lifeline for patients whose drug regimen protects them from becoming sicker. Prescription drugs reduce the need to treat serious illness through hospitalization and surgery. Soaring prescription drug costs, however, have placed a tremendous financial burden on millions of our seniors who must pay for these necessary drugs out of their own pockets. Monthly drug bills of $300, $400, or even $500 are not at all uncommon for older seniors living on limited incomes.

For example, Emery Jensen of Gorham, ME, has an annual drug bill of about $4,600. That is about one-quarter of the entire income he and his wife receive from Social Security. Another constituent from coastal Maine sent me a 2-page list of the medications her husband took over an 8-month period before he died. The total cost: Nearly $4,000. More and more, I am hearing disturbing accounts of older Americans who are running up huge high-interest credit card bills in order to buy medicine they could not otherwise afford. Even more alarming are the accounts of patients who are either skipping doses to stretch out their prescriptions or forced to choose between paying the bills or buying the pills that keep them healthy.

I will never forget an elderly woman coming up to me in the grocery store in Bangor and saying to me she was only able to get half the number of pills her doctor had prescribed because otherwise she would not be able to buy the food she needed. No senior in our country should be forced to choose between putting food on their table and buying the pills they need to remain healthy.

It is critical we bring Medicare into line with most private sector insurance plans and expand the program to include coverage for prescription drugs. The legislation before the Senate today will make prescription drug coverage a permanent part of Medicare. This is an important improvement over previous versions of this bill which had sunset dates which would have created tremendous anxiety for our seniors on whether this would be only a temporary program.

This bill will make this coverage permanently part of Medicare. It provides a comprehensive prescription drug benefit that will be available to all seniors in Medicare, regardless of where they live. Moreover, that benefit will be equal for everyone, both for those who choose to stay in the traditional program as well as for those seniors who elect one of the new programs, the new plan options available in the Medicare Advantage Program which is modeled after the Federal Employees Health Benefits Program.

Beginning in 2006, seniors will be able to get comprehensive prescription drug coverage, including both upfront and catastrophic protection, for $35 a month premium. Moreover, low-income seniors will receive generous subsidies and get additional protections and assistance. The more than 9 million seniors nationwide, including 60,000 seniors living in Maine, who have incomes below 135 percent of the poverty level will not have to pay any premium to secure coverage. That 135 percent of poverty equals $12,120 for a single person and $16,360 for a couple. It is important we provide that extra assistance for these very low income elderly people who would be hard pressed even to afford that $35 a month. Unfortunately, this is not going to happen overnight. It will take some time for this new benefit to come online.

To provide some interim assistance, starting next year seniors will get prescription drug discount cards that will

save them between 15 and 25 percent on each drug purchase. Lower income seniors will receive a benefit of $600 on top of that starting next year.

There are also some other significant features in this bill. Medicare's reimbursement systems have historically tended to favor large urban areas and failed to take into account the needs of more rural States. This simply is not fair to States such as New Hampshire, which the Presiding Officer represents so ably, or my home State of Maine.

Ironically, Maine's low payment rates are also the result of its long history of providing cost effective high-quality care. We have a strange system where, if you delivered care in a low-cost manner, the formula actually penalizes you for doing so. In the early 1980s, lower than average costs in Maine were used to justify lower Medicare payments to doctors and hospitals. Since then, Medicare's payment policies have only served to widen the gap between low- and high-cost States.

This is an issue on which I have been working my entire time in the Senate. I remember in the previous administration meeting with the head of what was then called the Health Care Financing Administration and her telling me that in fact the State of Maine ranked dead last in Medicare reimbursements. Since that time, I have worked hard to improve the reimbursements to Maine, and now we are up to about 46, but that still represents a tremendous inequity.

I am, therefore, particularly pleased the legislation before the Senate takes steps to strengthen the health care safety net by increasing Medicare payments to physicians and hospitals in rural States such as Maine to help even out the reimbursement and eliminate the inequities that have hurt rural States.

According to the American Hospital Association, the provisions in this bill will increase Medicare payments to hospitals in Maine by approximately $63 million over the next 10 years. That is a step in the right direction. It will be particularly helpful for our small community hospitals which are struggling to make ends meet. Those same hospitals tend to serve a population that is older, poorer, and sicker, so they particularly suffer when Medicare reimbursements are unfair because they simply do not cover the cost of treating this older, poorer, sicker population.

This legislation also restores funding to some extent for home health. That benefit has been cut far more deeply and abruptly than any benefit in the history of the Medicare Program. Earlier this month, 54 Senators, at my request, joined me in sending a letter to the chairman and the ranking member of the Finance Committee asking that they avoid any further cuts in home health care and extend the additional payment for home health services in rural areas that expired on April 1 of this year.

I am pleased the legislation before the Senate does provide for a full inflation update for home health agencies and also extends the rural add-on that is vital to sustaining home health care in rural areas of our country. Surveys have shown the delivery of home health services in rural areas can be as much as 12 to 15 percent more costly because of the extra travel time required to cover long distances between patients, higher transportation expenses, and other factors.

While I am disappointed the Finance Committee reduced the add-on payment from 10 percent to 5 percent, at least it has been extended, and that will help to ensure that Medicare patients in rural areas continue to have access to home health care services.

The Prescription Drug and Medicare Improvement Act was approved by the Finance Committee by a strong 16 to 5 bipartisan vote. I think that bodes very well for the future of this legislation. At long last, this legislation holds out real hope to our seniors that they will finally receive an affordable, comprehensive Medicare prescription drug benefit.

Since the cost of providing a meaningful drug benefit will only increase as time passes, it is imperative that we act now. I am pleased the majority leader has scheduled this legislation and set a goal of its passage before we adjourn for the July 4 recess.

Our senior citizens deserve no less from us. We must act. I am confident we will act to provide a long overdue prescription drug benefit.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FITZGERALD). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CORNYN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CORNYN. Mr. President, I ask unanimous consent I be permitted to speak as in morning business for no longer than 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMMIGRATION PROGRAM FOR THE 21ST CENTURY

Mr. CORNYN. Mr. President, I rise today to say a few words about our Nation's immigration policy.

The United States has been built on the labor, industry, and initiative of immigrants. The immigrant character that undergirds our country and enriches our society is expressed through our art, music, and culture—the fulfillment of one of America's greatest gifts to the world: the promise of thriving multi-ethnic democracy. In every war America has fought, from the Revolutionary War to Operation Iraqi Freedom, brave immigrants have fought alongside American-born citizens, with distinction and with courage.

And throughout history, those who have longed for the blessings of liberty have looked to America as a beacon of hope, freedom, and the opportunity of a better life.

The American Dream itself is rooted in the immigrant spirit. What sets this country apart is our conviction that life, liberty, and the pursuit of happiness are not just American rights, but the gift of a benevolent Creator to all humanity. And so America has always welcomed immigrants from every shore, saying: ''Give me your tired, your poor, your huddled masses yearning to breathe free.''

Yet for too long, we have failed to address the flaws in our nation's current immigration policy. This issue is even more urgent in a post 9/11 world. Special interest groups dominate the discourse, employing the potent but morally repugnant rhetoric of fear.

We must acknowledge that we have done far too little to reform a system that cries out for change. The fruit of our current immigration policy is death, danger, and denial.

For immigrants willing to risk their lives for the opportunity to live here in America, exploitation at the hands of human smugglers can mean a slow and painful death.

According to some estimates, there at as many as ten million individuals who are in this country illegally; our homeland security demands an accounting of the identities of these individuals, their reason for being here, and whether they pose a danger to our citizens. And we can no longer afford to deny both the sheer number of undocumented immigrants in our country and the extent of our economy's dependence on the labor they provide.

Our relationship with Mexico, an important ally and trading partner, is a prime example of the ramifications of the tired old status quo. The stated desire of our Mexican friends for general amnesty for the millions of undocumented immigrants here in America is an untenable position in support of an unrealistic policy.

Instead, the guest worker program I propose acknowledges the vital role hard-working immigrants play in our economy and creates a comprehensive program, which will serve as an important step toward reestablishing respect for our laws and restoring dignity to immigrants who work here. It will enhance America's homeland security, facilitate enforcement of our immigration and labor laws, and protect millions who labor today outside the law. This program will benefit all participating nations and their citizens who wish to work in the United States and contribute to our Nation's prosperity.

Our immigration policy must adapt to modern realities. An effective guest worker program will acknowledge that millions of undocumented men and women go to work every day in America in violation of our immigration law, outside the protection of our labor law, and without any way of our Government knowing who, or where they are.

My proposal will encourage undocumented immigrants to come out of the shadows, to work within the law, and then to return to their homes and families with the pay and skills they acquire as guest workers in the United States. It will help guest workers receive the health care they need, without overburdening already strained health care providers.

It will protect immigrants from exploitation and from violence. And guest workers will no longer fear the authorities, but rather will come to see the law as an ally, not an enemy.

I have always believed that, as Americans, our patriotism isn't just expressed by flying the flag. It's about more than that. Patriotism means we all share in an ideal that is larger than ourselves. In all of our differences, there are some things we all have in common. In all our diversity, each of us still has a bond with all humanity.

We must bring our broken immigration system into the 21st century. We must move transient workers out of the shadows. We must ensure the security of our borders.

We must act for the sake of the rule of law, for the sake our homeland security, for the sake of immigrants who endure exploitation and even death for a chance to share in the blessings of American liberty—in hope, freedom, and the opportunity of a better life.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CORNYN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate proceed to a period for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TRIBUTE TO STEVE REED

● Mr. MCCONNELL. Mr. President, I rise today to pay tribute to an accomplished Kentuckian, Mr. Steve Reed. A native of Hart County, KY, Steve is a respected attorney, inspiring mentor, and loving husband and father of three.

In 2000 Steve became Kentucky's first African-American U.S. attorney. Some of his most significant work as U.S. attorney included fighting the methamphetamine problem in western Kentucky. Steve quickly recognized the problem and requested Federal funds to open an office in western Kentucky to combat meth production. With the new funding, he directed a program that more than doubled the number of labs raided from the previous year. Through Steve's efforts and the cooperation of local law enforcement agencies, Kentucky's young people are better protected and more criminals are being prosecuted.

In addition to serving as U.S. attorney, Steve has supported higher education as a member of the University of Kentucky board of trustees since 1994. In September 2002, Steve became the board's first African-American chairman. He is dedicated to increasing the stature of academics throughout the university and Commonwealth. He is working to create stronger ties between private business and the university's research programs, and Steve has pushed for more minority and financial aid scholarships. Because of UK's prominence, Steve's efforts have not just affected the school but also have had a positive impact throughout the rest of Kentucky's educational system.

Steve grew up in poverty as one of seven children raised by his single mother. His maternal grandmother, Mama Verda, expected greatness from Steve, and emphasized the importance of always doing the right thing. He excelled in high school and moved on to Western Kentucky University where he tutored a fellow student. After earning a psychology degree, he attended UK Law School. Through his hard work and discipline, it is no surprise that Steve has achieved such success.

We are indebted to Steve for his service to the Commonwealth of Kentucky in fighting drugs and supporting education. He stands as a model of hard work and discipline. I ask my colleagues in the Senate to join me in honoring Steve Reed for his dedicated service.●

FRANKLIN HOTEL CELEBRATES 100TH ANNIVERSARY

● Mr. JOHNSON. Mr. President, it is with great honor that I rise today to congratulate the Franklin Hotel in Deadwood, SD, which celebrated its 100th anniversary of service on June 4, 2003.

The Franklin Hotel has been a welcome destination for visitors to the Black Hills region and has catered to guests since its doors opened in 1903. For locals and tourists alike, the past several years have seen a resurgence and interest in history, and the setting the Franklin provides to learn more about Black Hills history continues strong to this day. Whether the visitor was a well-known actor from Hollywood taking a break from daily shooting, noted public servants and athletes visiting the area on business or personal time, or the visiting family from Anywhere, USA or the world, experiencing the professional and welcoming, friendly attitudes of the Franklin Hotel staff is just another reason of making a Black Hills visit one to remember.

In many respects, board of directors president Bill Walsh is as much of an institution in South Dakota as the Franklin Hotel. The two are inseparable when it comes to colorful personalities and both are foundations in the promotion and advocacy of South Dakota and Black Hills tourism. It would be all too easy for Bill to be just concerned about the promotion of the Franklin Hotel. Instead, he has been a stalwart advocate for projects impacting and benefiting Deadwood, the entire Black Hills, and South Dakota. One of Bill's highest priorities is making sure as many people as possible put Deadwood, the Black Hills, and South Dakota on their travel itinerary.

Over the years, I have appreciated Bill's valuable insight on politics, current affairs, tourism, and the economy. I have always appreciated his wit, his hospitality and, most of all, his friendship. Many who gathered for the centennial anniversary celebration have special memories of Bill and the Franklin Hotel. Many local residents will probably never forget that as the Grizzly Gulch fire tickled the edges of Deadwood and as people streamed out of town under evacuation orders last summer, the doors of the Franklin stayed open with a confident Bill Walsh sitting on the porch of the Franklin with a freshly-lit stogie in hand.

I want to take this opportunity to acknowledge Bill and other members of the board of directors, Jo Roebuck-Pearson, Mike Trucano, French Bryan, and Taffy Tucker. I also want to congratulate MacKenzie Roebuck-Walsh, who co-owns the hotel along with her parents, Bill and Jo. Finally, I want to acknowledge the Franklin Hotel staff and the community of Deadwood on the centennial anniversary of the hotel. This event is but another chapter in the living legacy of one of South Dakota's cherished destinations.

I am proud to have this opportunity to honor Bill Walsh and the Franklin Hotel for its 100 years of outstanding service. It is an honor for me to share with my colleagues the strong commitment to history the Franklin Hotel has provided. I strongly commend the staff and board of directors for their years of hard work and dedication, and I am very pleased that their substantial efforts are being publicly honored and celebrated.●

LOCAL LAW ENFORCEMENT ACT OF 2003

● Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in Prince William, VA. On November 1, 2001, a 26-year-old and his 25-year-old friend were charged with a hate crime after assaulting a 46-year-old Pakistani taxi driver. The driver had picked up the pair and, during the ride to a nearby motel, the two

passengers verbally accosted him. Upon their arrival, the frightened driver exited his car and tried to flee, but the pair caught hold of him and began beating him in the motel parking lot.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.●

TRIBUTE TO FORT KNOX GAME WARDENS

● Mr. MCCONNELL. Mr. President, I rise today to recognize the volunteers of the Fort Knox Game Warden Program for their longstanding commitment to the community. These volunteers assist the Provost Marshal, the Hunt Control and the Range Control offices in maintaining the hunting program's outstanding safety record by enforcing the Fort Knox and Kentucky Fish and Game regulations on the base's 170 square miles.

The program's loyal volunteers have an active role in the community, especially during the deer-hunting season when they operate the deer check stations and monitor hunter activities. Their efforts also have enhanced the natural habitat of the area's wildlife. Throughout the program's 50-year life, volunteers have planted food plots, developed wildlife sanctuaries and reintroduced wild quail to the environment.

These unsung heroes actively devote time to serving the post's six hunting zones consisting of 109,000 acres. They help protect both small and large game including squirrel, dove, rabbit, quail and turkey. In addition to the three weekends available each year for adult firearms deer hunting, the Game Warden Program sponsors a youth gun hunt for one weekend each year.

I would like to acknowledge each of the volunteers for their time and commitment protecting the community and surrounding environment: Donald Buhl, George Phelps, Bob Sherrard, Jack Baxter, Bill Schweiss, Alfred Maruszewski, Michael Dages, Charlie Flowers, Wayne Walters, Gerald Sasser, Jr., Daniel Clifford, Tim Dages, Kenny Kine, Ron O'Bannon, Harold Scott, Walter Sholar, Hugh Harris, William Magruder, James Elliott, Robbie Ammons, James Miller, Jackie Payne, Willard Campbell, Joseph Banks, Michael Gaddie, Richard McQuillen, Mary McQuillen, Wayne Creekmore, Gary Thompson, Martha Campbell, Karl Rohland, Ace Clark, James Prather, Mark McNutt, Kelley Argabright, Dr. Gerald Sasser, Tony Parsley, Crockett Banks, Dwayne Campbell, and Rodney Circle.

The Fort Knox Game Warden Program and its volunteers have faithfully served the community for many years, and their contributions should not be overlooked. On behalf of myself and my colleagues in the Senate, I thank them for their dedicated service to the Commonwealth of Kentucky.●

IN RECOGNITION OF CAPTAIN GABRIEL GRIESS

● Mr. NELSON of Nebraska. Mr. President, I rise today to offer my congratulations to a Nebraska native son. This gentleman is among the many who honor our Nation through their service in our Armed Forces and I am very pleased to have this opportunity to pay tribute to him.

As our Nation faces threats abroad and our military men and women fight to keep us safe, it is important for us to never forget the sacrifices made in our defense. These men and women give up a great deal to protect our Nation and we owe them a debt of gratitude that can never be fully repaid.

Today, it is my honor to offer my heartfelt congratulations to one of their number, CAPT Gabriel Griess, a hometown Nebraska hero. Captain Griess is a proud member of the U.S. Air Force and he has recently been named the 15th Air Force Company Grade Officer of the Year for 2002. This was no easy accomplishment as the criteria for the award ensures that only the best of the best are eligible for consideration. To meet those criteria, Captain Griess had to show clear drive, pursuit of self-improvement, and involvement in base and community activities. Captain Griess met and exceeded all expectations.

He was awarded this title based on his dedication, leadership, and professionalism. Captain Griess' military history speaks volumes about the confidence placed in him by his superiors. He was deployed twice in 2002 in support of Operation Enduring Freedom; given missions such as tracking down al-Qaida leaders, and evacuating critically injured troops from combat zones. He provided support during Operation Anaconda by flying in critical supplies, destroying al-Qaida strongholds, and providing air support for ground troops. He has earned three Air Medals and two Aerial Achievement Medals for his valiant work.

But perhaps more importantly, he has won the respect of his peers. As an instructor navigator with the 317th Airlift Group at Dyess Air Force Base in Texas, he is recognized as the ''go to'' guy, an officer who will work as part of the team to meet the challenges ahead.

As our military efforts continue in Iraq, Afghanistan, and other regions around the world, we rely on the men and women in uniform to make our Nation safe. With soldiers, sailors, airmen, and marines of the caliber of Captain Griess, I can say with complete confidence our Nation is secure.

I congratulate Captain Griess on this recognition he has so deservedly received. It is truly an honor for him and his family.●

IN RECOGNITION OF MOSAIC

● Mr. NELSON of Nebraska. Mr. President, today I would like to offer my best wishes and support for the beginning of a new organization—Mosaic. On July 1, 2003, Bethphage, founded in Axtell, NE, in 1914, and Martin Luther Home Society, founded in Sterling, NE, in 1925 will come together to form Mosaic. These two organizations bring decades' worth of experience to the field of developmental disabilities, and I applaud their previous efforts while looking forward to a successful partnership. I have enjoyed a great working relationship with Sharon Walters and Bethphage and appreciate the positive things they have brought to the State of Nebraska. Mosaic will be supporting and advocating for more than 3,700 people in 16 States with an annual budget of approximately $165 million. They also provide support in Great Britain, as well as participating in an international alliance called IMPACT. Congratulations, Mosaic.●

A TRIBUTE TO BAKER'S CREEK

● Mrs. HUTCHINSON. Mr. President, in the recent years, there have been many tributes dedicated to celebrating members of what Tom Brokaw so rightly called ''The Greatest Generation.'' Succeeding generations have honored the men and women who led America to victory during World War II, who did nothing less than save the world. The events of World War II have become a shining moment in American history, and the stories of battles and life on the home front are well known by most Americans. However, many stories remain untold, and many heroes remain unrecognized.

As we count on our soldiers, sailors, airmen, marines, and coast guardsmen to defend our Nation in today's time of war, we have a renewed appreciation of the sacrifices made by our men and women in uniform and their families.

Our recent military operations in Afghanistan and Iraq provide an excellent backdrop to tell a story from World War II involving a little-known Texas hero. It is my hope we can join together to honor this man and those whose lives were lost on the fateful day he survived.

June 14 is an historic day in the life of our Nation. On this day in 1775, the United States Army was born. Two years later, broad red stripes on a field of white, and bright stars on a field of blue were officially adopted as our country's banner. In 1949, President Truman signed an Act of Congress officially declaring June 14 as National Flag Day to honor our colors. June 14 also marks a somber anniversary, one that few of us know.

Sixty years ago, on June 14, 1943, 40 Americans were killed when their B–17C airplane crashed in a field near Baker's Creek, five miles south of Mackay in Queensland, Australia. The plane belonged to the 46th Troop Carrier Squadron, Fifth U.S. Air Force.

The men aboard the aircraft were returning to combat zones in New Guinea after their brief rest-and-recreation known as R&R at the American Red Cross Center in Mackay. Wartime censorship and reasons of military security prevented the incident from ever being reported in the United States. It was classified until 1958.

Families of those who were killed were never informed how their loved ones perished. Information was so closely guarded they were only told their soldier died in the Pacific while fighting for their country.

Little is known of the crash outside Mackay. Remarkably, one of the 41 men aboard the aircraft survived the crash. He is Foye Kenneth Roberts of Wichita Falls, TX. At the time of the accident, it was the worst plane crash in the Southwest Pacific theater. Australians regard it as their worst aviation disaster.

In May 1992, a monument was built by local citizens at Baker's Creek to mark the B–17C crash site. Thousands of Americans soldiers spent their R&R at Mackay, and many became longtime friends of local families. When the Baker's Creek memorial was unveiled on May 11, 1992, only the names of the six aircrew and the sole survivor were known. A complete list of casualties did not exist in U.S. or Australian archives.

After extensive, painstaking research, a plague with the names of all casualties was rededicated on June 14, 1995. Their names are: Sgt. Carl A. Cunningham, T/5 George A. Ehrmann, F/0 William C. Erb, Sgt. David E. Tileston, Sgt. Dean H. Busse, Pfc. Jerome Abraham, S/Sgt. Frank E. Whelchel, S/Sgt. Lovell D. Curtis, 1/Lt. Vern J. Gidcumb, Pfc. Norman J. Goetz, T/Sgt. Leo E. Fletcher, Pfc. Frederick C. Sweet, Pfc. Kenneth W. Mann, Pfc. Charles M. Williams, Cpl. Marlin N. Metzger, Pfc. Vernon Johnson, Capt. John O. Berthold, Cpl. Charles W. Sampson, Cpl. Franklin F. Smith, Maj. George N. Powell, Pfc. Arnold Seidel, 2/Lt. Jack A. Ogren, Cpl. Jacob O. Skaggs, Jr., Pvt. James E. Finney, T/Sgt. Alfred H. Fezza, Sgt. Donald B. Kyper, Pfc. Frank S. Penska, Sgt. Anthony Rudnick, Cpl. Raymond H. Smith, T/5 William A. Briggs, Pfc. John W. Parker, Pvt. Charles D. Montgomery, S/Sgt. Charlie O. LaRue, Cpl. Foye K. Roberts (Sole Survivor) S/Sgt. Roy A. Hatlen, S/Sgt. John W. Hilsheimer, Cpl. Edward Tenny and Pfc. Dale Van Fosson. Since the Memorial's unveiling, an effort has been made to locate the final resting places of the victims, and to trace their family relatives. The search continues today.

The men who lost their lives that day and the one who survived, regarded themselves as ordinary men. We know better. They like so many before and after them, answered our Nation's call to arms. We needed them and they came. Many went, some gave all.

These men renewed for the ''Greatest Generation'' the cherished American ethos of service to Nation. They came from farms and factories, from city streets and country lanes. In doing so, they transcended from ordinary men with common dreams to extraordinary citizens with uncommon valor. Their example enabled our young men and women today to take up arms when we needed them for Operation Iraqi Freedom. Regrettably, some of them made the ultimate sacrifice as well.

It is my fervent hope this June 14, along with the salute to the Army and our grand flag, that we also salute the men who gave their lives at Baker's Creek. We owe a special thanks to the Baker's Creek Memorial Association for keeping their memories alive and for helping their families discover their loved ones' fate.●

TRIBUTE TO SHARLA MOFFETT BEALL

● Mr. CRAPO. Mr. President, I rise to express my appreciation to Sharla Moffett Beall, my Fisheries, Wildlife, and Water Subcommittee staff director, as she returns to her home State of Oregon. Sharla has been an important member of my Senate staff. Her counsel and efforts will be missed.

There is no one in the Senate more knowledgeable on Endangered Species Act issues; issues of real significance to Idaho and the Nation. She has been a tireless advocate for meaningful solutions to recover endangered and threatened salmon species in the Pacific Northwest. She has helped me to lead the fight against bad policies, such as the total maximum daily load rule proposed in 2000, and for good policies, like habitat conservation plans and streamlining of the consultation process.

When I became chairman of the subcommittee, I had little doubt about who I wanted as staff director. I first worked with Sharla when she was professional staff for the House Agriculture Committee. I knew that in Sharla, I had someone experienced, professional, effective, and with a keen legislative sense. She also shared my political philosophy and passion for fish and wildlife issues.

It has also been rewarding to see Sharla start a family during her time as staff director. In her first year on my staff, she married another Oregon native, Jim Beall; during the second year, they had her first child, Anna-Sophia; and just last year a second daughter, Alexandra-Skye, was born. They are a wonderful and loving family.

The Senate has a tough time competing with two beautiful daughters. I will miss Sharla and her family. I wish them all the best, but I know this is not farewell. She will continue to be a valued friend and advisor.●

RECOGNITION OF WJJY–FM FOR RECEIVING THE NAB CRYSTAL RADIO AWARD

● Mr. COLEMAN. Mr. President, I am pleased to recognize a distinguished Minnesota radio station, WJJY–FM, for winning 2003 National Association of Broadcaster's Crystal Radio Award, commending its commitment to community service.

WJJY–FM, based in Brainerd, MN, won a National Association of Broadcaster's Crystal Award, recognizing its continued charitable efforts in the Brainerd community. This award marks the third time the National Association of Broadcasters has recognized WJJY's dedication to service. The station also won a Crystal Award in 2001 and the prestigious NABEF Service to America Award in 1999.

WJJY–FM is active in charitable fundraising, supporting food drives, and providing public service announcements for the community. In 2002 the station set a fundraising record for the Brainerd area by raising $940,500 for the community. WJJY–FM helped collect 7,500 pounds of food for the Salvation Army, gathered 1,300 clothing items for needy families, and broadcasted over 7,350 public service announcements. In addition, WJJY holds the annual Radiothon to End Child Abuse, which raised a record-setting $66,520 in 2002.

WJJY–FM represents a tradition of corporate dedication to community service in the State of Minnesota. Since 1999, 4 Minnesota stations have received the Service to American Award, and since 1987, 17 have received Crystal Awards. This tradition of service is an important Minnesota legacy. Public-private partnerships like these are what truly get things done and leave a lasting positive impact on our state.

I would like to commend WJJY–FM for its diligent efforts to improve the community which it serves.●

COMMENDING COLQUITT COUNTY PACKERS FOR STATE CHAMPIONSHIP

● Mr. CHAMBLISS. Mr. President, I rise today to commend the outstanding hard work, dedication, and team work of the Colquitt County High School baseball team for winning this year's State championship.

This week, the Colquitt County Packers won the Georgia High School Association's Class AAAAA State championship by a stunning victory at Ike Aultman Field, and I couldn't be more proud. This is an exceptional accomplishment not only for the team and high school, but also for the entire Colquitt County community. Winning this year's State championship was the first Packer State championship since 1997 when the team defeated Lassiter High in three games for the first baseball title in Packer history.

I am so proud of each and every team member for their great success. I am especially proud of Packer head coach Jerry Croft for his leadership, devotion, and guidance.

Because Colquitt County has been my home for over 30 years, it gives me great pleasure to share this huge accomplishment of the Packers with my

colleagues in the Senate and with the American people.●

RECOGNITION OF KDWB–FM FOR RECEIVING THE NABEF SERVICE TO AMERICA AWARD

● Mr. COLEMAN. Mr. President, I am pleased to recognize a distinguished Minnesota radio station, KDWB–FM, for winning the 2003 National Association of Broadcasters Education Foundation's Service to Americ a Award, commending its commitment to community service.

This award recognizes KDWB–FM's alliance with the University Pediatrics Foundation. For 8 years KDWB, based in Minneapolis, has produced and hosted numerous fundraising events to support the foundation, raising $1.5 million.

In 1999 KDWB and the University Pediatrics Foundation used these funds to open the KDWB University Pediatrics Family Center within the University of Minnesota's Department of Pediatrics. The center serves children living with chronic conditions such as cerebral palsy, sickle cell anemia, and spina bifida, and provides clinical care, research, and emotional support services to the children and their families.

KDWB represents a tradition of corporate dedication to community service in the State of Minnesota. Since 1999, four Minnesota stations have received the Service to America Award. This tradition of service is an important Minnesota legacy. Public-private partnerships like these are what truly get done and leave a lasting positive impact on our state.

I would like to commend KDWB–FM for its diligent efforts to improve the communities which it serves.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid from the Senate message from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 2:01 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the bill (H.R. 1308) to amend the Internal Revenue Code of 1986 to end certain abusive tax practices, to provide tax relief and simplification, and for other purposes, with amendments.

The message also announced that the House insists upon its amendments to the Senate amendments to the bill (H.R. 1308) to amend the Internal Revenue Code of 1986 to end certain abusive tax practices, to provide tax relief and simplification, and for other purposes, and asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints the following Members as the managers of the conference on the part of the House:

For consideration of the House amendments to the Senate amendments to the House bill, and modifications committed to conference: Mr. THOMAS, Mr. DELAY, and Mr. RANGEL.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled bills and joint resolution:

H.R. 1625. An act to designate the facility of the United States Postal Service located at 1114 Main Avenue in Clifton, New Jersey, as the ''Robert P. Hammer Post Office Building.''

S. 763. An act to designate the Federal building and United States courthouse located at 46 Ohio Street in Indianapolis, Indiana, as the ''Birch Bayh Federal Building and United States Courthouse.''

S.J. Res. 8. A joint resolution expressing the sense of Congress with respect to raising awareness and encouraging prevention of sexual assault in the United States and supporting the goals and ideals of National Sexual Assault Awareness and Prevention Month.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CAMPBELL, from the Committee on Indian Affairs, with amendments:

S. 555. A bill to establish the Native American Health and Wellness Foundation, and for other purposes (Rept. No. 108–72).

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

H.R. 1954. A bill to revise the provisions of the Immigration and Nationality Act relating to naturalization through service in the Armed Forces, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Ms. COLLINS (for herself, Mr. LIEBERMAN, Mr. STEVENS, Mr. VOINOVICH, Mr. DURBIN, Mr. DEWINE, and Ms. LANDRIEU):

S. 1267. A bill to amend the District of Columbia Home Rule Act to provide the District of Columbia with autonomy over its budgets, and for other purposes; to the Committee on Governmental Affairs.

By Mr. KENNEDY (for himself, Mr. DASCHLE, Mr. JEFFORDS, Mr. EDWARDS, Mr. REED, Mrs. CLINTON, Mrs. MURRAY, Mr. BINGAMAN, and Mr. DODD):

S. 1268. A bill to provide for a study to ensure that students are not adversely affected by changes to the needs analysis tables, and to require the Secretary of Education to consult with the Advisory Committee on Student Financial Assistance regarding such changes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. GRASSLEY:

S. 1269. A bill to amend the Internal Revenue Code of 1986 to clarify the status of professional employer organizations and to promote and protect the interests of professional employer organizations, their customers, and workers; to the Committee on Finance.

By Mr. JOHNSON (for himself and Mr. COCHRAN):

S. 1270. A bill to amend title XVIII of the Social Security Act to provide for coverage of medication therapy management services under Part B of the medicare program; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. CORNYN (for himself and Mrs. HUTCHISON):

S. Res. 171. A resolution recognizing that the San Antonio Spurs are the 2002–2003 National Basketball Association champions and congratulating the team for its outstanding excellence, discipline, and dominance; considered and agreed to.

ADDITIONAL COSPONSORS

S. 168

At the request of Mrs. FEINSTEIN, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 168, a bill to require the Secretary of the Treasury to mint coins in commemoration of the San Francisco Old Mint.

S. 170

At the request of Mr. VOINOVICH, the names of the Senator from Mississippi (Mr. COCHRAN) and the Senator from Virginia (Mr. ALLEN) were added as cosponsors of S. 170, a bill to amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and further purposes.

S. 453

At the request of Mrs. HUTCHISON, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 453, a bill to authorize the Health Resources and Services Administration and the National Cancer Institute to make grants for model programs to provide to individuals of health disparity populations prevention, early detection, treatment, and appropriate follow-up care services for cancer and chronic diseases, and to make grants regarding patient navigators to assist individuals of health disparity populations in receiving such services.

S. 459

At the request of Mr. LEAHY, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 459, a bill to ensure that a public safety officer who suffers a

fatal heart attack or stroke while on duty shall be presumed to have died in the line of duty for purposes of public safety officer survivor benefits.

S. 525

At the request of Mr. LEVIN, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 525, a bill to amend the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 to reauthorize and improve that Act.

S. 656

At the request of Mr. REED, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 656, a bill to provide for the adjustment of status of certain nationals of Liberia to that of lawful permanent residence.

S. 678

At the request of Mr. AKAKA, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 678 , a bill to amend chapter 10 of title 39, United States Code, to include postmasters and postmasters organizations in the process for the development and planning of certain policies, schedules, and programs, and for other purposes.

S. 695

At the request of Ms. COLLINS, the name of the Senator from Nebraska (Mr. NELSON) was added as a cosponsor of S. 695, a bill to amend the Internal Revenue Code of 1986 to increase the above-the-line deduction for teacher classroom supplies and to expand such deduction to include qualified professional development expenses.

S. 780

At the request of Mr. LOTT, the names of the Senator from Michigan (Mr. LEVIN) and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. 780, a bill to award a congressional gold medal to Chief Phillip Martin of the Mississippi Band of Choctaw Indians.

S. 818

At the request of Mr. KERRY, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 818, a bill to ensure the independence and nonpartisan operation of the Office of Advocacy of the Small Business Administration.

S. 894

At the request of Mr. WARNER, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 894, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 230th Anniversary of the United States Marine Corps, and to support construction of the Marine Corps Heritage Center.

S. 899

At the request of Mrs. HUTCHISON, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 899, a bill to amend title XVIII of the Social Security Act to restore the full market basket percentage increase applied to payments to hospitals for inpatient hospital services furnished to medicare beneficiaries, and for other purposes.

S. 1001

At the request of Mr. BIDEN, the names of the Senator from Oregon (Mr. SMITH) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. 1001, a bill to make the protection of women and children who are affected by a complex humanitarian emergency a priority of the United States Government, and for other purposes.

S. 1108

At the request of Mrs. CLINTON, the name of the Senator from Tennessee (Mr. ALEXANDER) was added as a cosponsor of S. 1108, a bill to establish within the National Park Service the 225th Anniversary of the American Revolution Commemorative Program , and for other purposes.

S. 1120

At the request of Mr. BAUCUS, the names of the Senator from Washington (Ms. CANTWELL) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 1120, a bill to establish an Office of Trade Adjustment Assistance, and for other purposes.

S. 1127

At the request of Ms. STABENOW, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1127, a bill to establish administrative law judges involved in the appeals process provided for under the medicare program under title XVIII of the Social Security Act within the Department of Health and Human Services, to ensure the independence of, and preserve the role of, such administrative law judges, and for other purposes.

S. 1136

At the request of Mr. SPECTER, the name of the Senator from South Carolina (Mr. GRAHAM) was added as a cosponsor of S. 1136, a bill to restate, clarify, and revise the Soldiers' and Sailors' Civil Relief Act of 1940.

S. 1143

At the request of Mrs. HUTCHISON, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1143, a bill to amend the Public Health Service Act to direct the Secretary of Health and Human Services to establish, promote, and support a comprehensive prevention, research, and medical management referral program for hepatitis C virus infection.

S. 1206

At the request of Mr. BOND, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1206, a bill to amend title XVIII of the Social Security Act to provide for special treatment for certain drugs and biologicals under the prospective payment system for hospital outpatient department services under the medicare program.

S. 1236

At the request of Mr. CAMPBELL, the names of the Senator from Utah (Mr. HATCH) and the Senator from Wyoming (Mr. ENZI) were added as cosponsors of S. 1236, a bill to direct the Secretary of the Interior to establish a program to control or eradicate tamarisk in the western States, and for other purposes.

S. 1247

At the request of Mr. KERRY, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1247, a bill to increase the amount to be reserved during fiscal year 2003 for sustainability grants under section 29(1) of the Small Business Act.

S. 1255

At the request of Mr. KERRY, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of S. 1255, a bill to amend the Small Business Act to direct the Administrator of the Small Business Administration to establish a pilot program to provide regulatory compliance assistance to small business concerns, and for other purposes.

S. CON. RES. 25

At the request of Mr. VOINOVICH, the names of the Senator from Maine (Ms. COLLINS) and the Senator from Oklahoma (Mr. INHOFE) were added as cosponsors of S. Con. Res. 25, a concurrent resolution recognizing and honoring America's Jewish community on the occasion of its 350th anniversary, supporting the designation of an ''American Jewish History Month'', and for other purposes.

S. CON. RES. 55

At the request of Ms. SNOWE, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. Con. Res. 55, a concurrent resolution expressing the sense of the Congress regarding the policy of the United States at the 55th Annual Meeting of the International Whaling Commission.

S. RES. 153

At the request of Mrs. MURRAY, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. Res. 153, a resolution expressing the sense of the Senate that changes to athletics policies issued under title IX of the Education Amendments of 1972 would contradict the spirit of athletic equality and the intent to prohibit sex discrimination in education programs or activities receiving Federal financial assistance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRASSLEY:

S. 1269. A bill to amend the Internal Revenue Code of 1986 to clarify the status of professional employer organizations and to promote and protect the interests of professional employer organizations, their customers, and workers; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, today I am reintroducing the Professional Employer Organization Workers Benefits Act of 2003—legislation that I sponsored in the last Congress. This legislation clarifies certain tax rules

for Professional Employer Organizations, PEOs, and will allow PEOs to provide retirement and health benefits for workers at small and medium-sized businesses. By eliminating uncertainty in the current rules, it will also improve the administration of our tax system.

The PEO legislation makes it clear that a PEO that is certified by the IRS as meeting certain rigorous standards will be able to offer employee benefits and remit Federal employment taxes for workers performing services for the PEO's business customers. The bill has won the support of representatives of the small business community, including the National Federation of Independent Business (NFIB), and has been endorsed by an array of employee benefits experts, such as the American Benefits Council, ABC, the American Society of Pension Actuaries, ASPA, and the Employers Council on Flexible Compensation, ECFC. The legislation also has the support of the National Association of Professional Employer Organizations, NAPEO—the largest organization representing the interests of PEOs. Significantly, then-Internal Revenue Service Commissioner Rossotti stated last year that the IRS believes that the PEO bill could provide useful clarification of the federal employment tax and employee benefits obligations of PEOs and their clients.

A well-run PEO provides the expertise and the economies of scale necessary to provide health, retirement and other services to small businesses in an affordable and efficient manner. For many of these workers, the PEO's pension or health plan represents benefits that the worker would not have received from the small business directly because they were too costly for the small business to afford on its own.

We must take every opportunity to encourage businesses to provide retirement and health benefits to their employees through whatever means possible. PEOs offer one creative way to bridge the gap between what workers need and what small businesses can afford to provide them. For example, Merit Resources, based in Iowa, is a PEO that has provided important benefits to many workers in my state. The clarifications provided in the bill I am introducing today would provide PEOs like Merit with the certainty they need. Certainty that will ensure that they can continue to serve small businesses and provide benefits to the workers at those businesses.

I look forward to working with the Administration and my colleagues, on both sides of the aisle, on these important issues. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1269

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Professional Employer Organization Workers Benefits Act of 2003''.

SEC. 2. NO INFERENCE.

Nothing contained in this Act or the amendments made by this Act shall be construed to create any inference with respect to the determination of who is an employee or employer—

(1) for Federal tax purposes (other than the purposes set forth in the amendments made by section 3), or

(2) for purposes of any other provision of law.

SEC. 3. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

(a) EMPLOYMENT TAXES.—Chapter 25 of the Internal Revenue Code of 1986 (relating to general provisions relating to employment taxes) is amended by adding at the end the following new section:

''SEC. 3511. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) GENERAL RULES.—For purposes of the taxes imposed by this subtitle—

''(1) a certified professional employer organization shall be treated as the employer (and no other person shall be treated as the employer) of any work site employee performing services for any customer of such organization, but only with respect to remuneration remitted by such organization to such work site employee, and

''(2) the exemptions and exclusions which would (but for paragraph (1)) apply shall apply with respect to such taxes imposed on such remuneration.

''(b) SUCCESSOR EMPLOYER STATUS.—For purposes of sections 3121(a) and 3306(b)(1)—

''(1) a certified professional employer organization entering into a service contract with a customer with respect to a work site employee shall be treated as a successor employer and the customer shall be treated as a predecessor employer, and

''(2) a customer whose service contract with a certified professional employer organization is terminated with respect to a work site employee shall be treated as a successor employer and the certified professional employer organization shall be treated as a predecessor employer.

''(c) LIABILITY WITH RESPECT TO INDIVIDUALS PURPORTED TO BE WORK SITE EMPLOYEES.—

''(1) GENERAL RULES.—Solely for purposes of its liability for the taxes imposed by this subtitle—

''(A) the certified professional employer organization shall be treated as the employer of any individual (other than a work site employee or a person described in subsection (e)) who is performing services covered by a contract meeting the requirements of section 7705(e)(2)(F), but only with respect to remuneration remitted by such organization to such individual, and

''(B) the exemptions and exclusions which would (but for subparagraph (A)) apply shall apply with respect to such taxes imposed on such remuneration.

''(d) SPECIAL RULE FOR RELATED PARTY.—Subsection (a) shall not apply in the case of a customer which bears a relationship to a certified professional employer organization described in section 267(b) or 707(b). For purposes of the preceding sentence, such sections shall be applied by substituting '10 percent' for '50 percent'.

''(e) SPECIAL RULE FOR CERTAIN INDIVIDUALS.—For purposes of the taxes imposed under this subtitle, an individual with net earnings from self-employment derived from the customer's trade or business (including a partner in a partnership that is a customer), is not a work site employee with respect to remuneration paid by a certified professional employer organization.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) EMPLOYEE BENEFITS.—Section 414 of such Code (relating to definitions and special rules) is amended by adding at the end the following new subsection:

''(w) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—

''(1) PLANS MAINTAINED BY CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—

''(A) IN GENERAL.—Except as otherwise provided in this subsection, in the case of a plan or program established or maintained by a certified professional employer organization to provide employee benefits to work site employees, then, for purposes of applying the provisions of this title applicable to such benefits—

''(i) such plan shall be treated as a single employer plan established and maintained by the organization,

''(ii) the organization shall be treated as the employer of the work site employees eligible to participate in the plan, and

''(iii) the portion of such plan covering work site employees shall not be taken into account in applying such provisions to the remaining portion of such plan or to any other plan established or maintained by the certified professional employer organization providing employee benefits (other than to work site employees).

''(B) SPECIAL EXCEPTIONS IN APPLYING RULES TO BENEFITS.—

''(i) IN GENERAL.—In applying any requirement listed in clause (iii) to a plan or program established by the certified professional employer organization—

''(I) the portion of the plan established by the certified professional employer organization which covers work site employees performing services for a customer shall be treated as a separate plan of the customer (including for purposes of any disqualification or correction),

''(II) the customer shall be treated as establishing and maintaining the plan, as the employer of such employees, and as having paid any compensation remitted by the certified professional employer organization to such employees under the service contract entered into under section 7705, and

''(III) a controlled group that includes a certified professional employer organization shall not include in the controlled group any work site employees performing services for a customer.

For purposes of subclause (III), all persons treated as a single employer under subsections (b), (c), (m), and (o) shall be treated as members of the same controlled group.

''(ii) SELF-EMPLOYED INDIVIDUALS.—A work site employee who would be treated as a self-employed individual (as defined in section 401(c)(1)), a disqualified person (as defined in section 4975(e)(2)), a 2-percent shareholder (as defined in section 1372(b)(2), or a shareholder-employee (as defined in section 4975(f)(6)(C)), but for the relationship with the certified professional employer organization, shall be treated as a self-employed individual, disqualified person, a 2-percent shareholder, or shareholder-employee for purposes of rules applicable to employee benefit plans maintained by such certified professional employer organization.

''(iii) LISTED REQUIREMENTS.—The requirements listed in this clause are:

''(I) NONDISCRIMINATION AND QUALIFICATION.—Sections 79(d), 105(h), 125(b), 127(b)(2) and (3), 129(d)(2), (3), (4), and (5), 132(j)(1), 274(j)(3)(B), 401(a)(4), 401(a)(17), 401(a)(26), 401(k)(3) and (12), 401(m)(2) and (11), 404 (in

the case of a plan subject to section 412), 410(b), 412, 414(q), 415, 416, 419, 422, 423(b), 505(b), 4971 4972, 4975, 4976, 4978, and 4979.

''(II) SIZE.—Sections 220, 401(k)(11), 401(m)(10), 408(k), and 408(p).

''(III) ELIGIBILITY.—Section 401(k)(4)(B).

''(IV) AUTHORITY.—Such other similar requirements as the Secretary may prescribe.

''(iv) WELFARE BENEFIT FUNDS.—With respect to a welfare benefit fund maintained by a certified professional employer organization for the benefit of work site employees performing services for a customer, section 419 shall be treated as not listed in clause (iii)(I) if the fund provides only 1 or more of the following:

''(I) Medical benefits other than retiree medical benefits.

''(II) Disability benefits.

''(III) Group term life insurance benefits which do not provide for any cash surrender value or other money that can be paid, assigned, borrowed or pledged for collateral for a loan.

''(v) EXCISE TAXES.—Notwithstanding clause (iii), the certified professional employer organization and the customer contracting for work site employees to pay services shall be jointly and severally liable for the tax imposed by section 4971 with respect to failure to meet the minimum funding requirements and the tax imposed by section 4976 with respect to funded welfare benefit plans.

''(vi) CONTINUATION COVERAGE REQUIREMENTS.—For purposes of applying the provisions of section 4980B with respect to a group health plan maintained by a certified professional employer organization for the benefit of work site employees:

''(I) TERMINATION OF EMPLOYMENT EVENTS.—Each of the following events shall constitute a termination of employment of a work site employee for purposes of section 4980B(f)(3)(B):

''(aa) The work site employee ceasing to provide services to any customer of such certified professional employer organization.

''(bb) The work site employee ceasing to provide services to one customer of such certified professional employer organization and becoming a work site employee with respect to another customer of such certified professional employer organization; and

''(cc) The termination of a service contract between the certified professional employer organization and the customer with respect to which the work site employee performs services, provided, however, that such a contract termination shall not constitute a termination of employment under section 4980B(f)(3)(B) for such work site employee if, at the time of such contract termination, such customer maintains a group health plan (other than a plan providing only excepted benefits within the meaning of sections 9831 and 9832 or a plan covering less than two participants who are employees).

''(II) TERMINATION EVENT CONSTITUTING A QUALIFYING EVENT.—If an event described in subparagraph (vi)(I) also constitutes a qualifying event under section 4980B(f)(3) with respect to the group health plan maintained by the certified professional employer organization for the affected work site employee, such plan shall no longer be required to provide continuation coverage as of any new coverage date.

''(III) NEW COVERAGE DATE WHEN TERMINATION EVENT CONSTITUTES QUALIFYING EVENT.—For purposes of subclause (II), a new coverage date shall be the first date on which—

''(aa) the customer maintains a group health plan other than a plan described in section 4980B(d), a plan providing only excepted benefits within the meaning of sections 9831 and 9832, or a plan covering less than two participants who are employees, or

''(bb) a service contract between such customer and another certified professional employee organization becomes effective under which worksite employees performing services for such customer are covered under a group health plan of such other certified professional employee organization, other than a plan described in section 4980B(d), a plan providing only excepted benefits within the meaning of sections 9831 and 9832, or a plan covering less than two participants who are employees.

''(IV) EFFECT OF CUSTOMER-MAINTAINED PLAN.—As of a new coverage date described in subclause (III)(aa), the customer shall be required to make continuation coverage available to any qualified beneficiary who was receiving (or was eligible to elect to receive) continuation coverage under a certified professional employer organization's group health plan and who is, or whose qualifying event occurred in connection with, a person whose last employment prior to such employee's qualifying event was as a work site employee providing services to such customer pursuant to a service contract with such certified professional employer organization.

''(C) EFFECT OF NEW SERVICE CONTRACT WITH CERTIFIED PEO.—As of a new coverage date described in subclause (III)(bb), the second certified professional employee organization shall be required to make continuation coverage available to any qualified beneficiary who was receiving (or was eligible to elect to receive) continuation coverage under the first certified professional employer organization's group health plan and who is, or whose qualifying event occurred in connection with, a person whose last employment prior to such employee's qualifying event was as a work site employee providing services to the customer pursuant to a service contract with the first certified professional employer organization.

''(vii) CONTINUED COVERAGE FOR QUALIFIED BENEFICIARIES.—As of the date that a certified professional employee organization's group health plan first provides coverage to one or more work site employees providing services to a customer, such group health plan shall be required to make continuation coverage available to any qualified beneficiary who was receiving (or was eligible to receive or elect to receive) continuation coverage under a group health plan sponsored by such customer if, in connection with coverage being provided by the organization's plan, such customer terminates each of its group health plans, other than a plan or plans providing only excepted benefits within the meaning of sections 9831 and 9832 or covering less than two participants who are employees.

''(viii) EFFECT OF TERMINATION OF PEO STATUS.—The termination of a professional employer organization's status as a certified professional employer organization—

''(I) shall constitute an event described in section 4980B(f)(3)(B) for any work site employee performing services pursuant to a contract between a customer and such professional employer organization, but

''(II) no loss of coverage within the meaning of section 4980B(f)(3) occurs unless, in connection with such termination of status as a certified professional employer organization, the individual formerly treated as a work site employee performing services for the customer pursuant to a contract with such professional employer organization ceases to be covered under the arrangement of the professional employer organization that had been, prior to such termination of status, the group health plan of such organization.

''(ix) PERSON LIABLE FOR TAX.—For purposes of the liability for tax under section 4980B, the person or entity required to provide continuation coverage under this clause (vi) shall be deemed to be the employer under section 4980B(e)(1)(A).

''(2) PLANS MAINTAINED BY CUSTOMERS OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a customer of a certified professional employer organization provides (other than through such organization) any employee benefits, then with respect to such benefits—

''(A) work site employees of the organization who perform services for the customer shall be treated as leased employees of such customer,

''(B) such customer shall be treated as a recipient for purposes of subsection (n), and paragraphs (4) and (5) of subsection (n) shall not apply for such purposes, and

''(C) with respect to such work site employees, sections 105(h), 403(b)(12), 422, and 423 shall be treated as a benefit listed in subsection (n)(3)(C).

''(3) PLANS MAINTAINED BY COMPANIES IN SAME CONTROLLED GROUP AS CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—In applying any requirement listed in paragraph (1)(B)(iii), a controlled group which includes a certified professional employer organization shall not include in such controlled group any work site employees performing services for a customer. For purposes of this paragraph, all persons treated as a single employer under subsections (b), (c), (m) and (o) shall be treated as members of the same controlled group.

''(4) RULES APPLICABLE TO PLANS MAINTAINED BY CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS AND PLANS MAINTAINED BY THEIR CUSTOMERS.—

''(A) SERVICE CREDITING FOR PARTICIPATION AND VESTING PURPOSES.—In the case of a plan maintained by a certified professional employer organization or a customer, for purposes of determining a work site employee's service for eligibility to participate and vesting under sections 410(a) and 411, rules similar to the rules of paragraphs (1) and (3) of section 413(c) shall apply to service for the certified professional employer organization and customer.

''(B) COMPENSATION.—

''(i) IN GENERAL.—Except as provided in clause (ii), for purposes of subsection (s) and section 415(c)(3), or other comparable provisions of this title based on compensation which affects employee benefit plans, compensation received from the customer with respect to which the work site employee performs services shall be taken into account together with compensation received from the certified professional employer organization.

''(ii) EXCEPTION.—For purposes of applying sections 404 and 412 to a plan maintained by a certified professional employer organization, only compensation received from the certified professional employer organization shall be taken into account.

''(C) ELIGIBLE EMPLOYERS.—The provisions of sections 457(f)(1)(A) and (B) apply to a work site employee performing services for a customer that is an eligible employer as defined in section 457(e)(1). The preceding sentence shall not apply in the case of a plan described in section 401(a) which includes a trust exempt from tax under section 501(a), an annuity plan or contract described in section 403, the portion of a plan which consists of a transfer of property described in section 83, the portion of a plan which consists of a trust to which section 402(b) applies, or a qualified governmental excess benefit arrangement described in section 415(m).

''(5) SPECIAL RULES WHERE MULTIPLE PLANS.—

''(A) IN GENERAL.—For purposes of applying section 415 with respect to a plan maintained by a certified professional employer organization, the organization and customers of such organization shall be treated as a single employer, except that if plans are maintained by a certified professional employer organization and a customer with respect to a work site employee, any action required to be taken by such plans shall be taken first with respect to the plan maintained by the customer.

''(B) MINIMUM BENEFIT.—If a minimum benefit is required to be provided under section 416, such benefit shall, to the extent possible, be provided through the plan maintained by the certified professional employer organization.

''(6) TERMINATION OF SERVICE CONTRACT BETWEEN CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION AND CUSTOMER.—

''(A) IN GENERAL.—

''(i) TREATMENT OF SUCCESSOR PLAN.—If a service contract between a customer and a certified professional employer organization is terminated and work site employees of the customer were covered by a plan maintained by the organization, then, except as provided in regulations, any plan of another certified professional employer organization or the customer which covers such work site employees shall be treated as a successor plan for purposes of any rules governing in-service distributions.

''(ii) TREATMENT AS SEVERANCE FROM EMPLOYMENT AND SEPARATION FROM SERVICE.—If a service contract between a customer and a certified professional employer organization is terminated, and there is no plan treated as a successor plan under clause (i), then such termination shall be treated as a plan termination with respect to each work site employee of such customer.

''(B) DISTRIBUTION RULES APPLICABLE TO SUBPARAGRAPH (A)(ii).—Except as otherwise required by this title, in any case to which subparagraph (A)(ii) applies, the certified professional employer organization plan may distribute—

''(i) during the 2-year period beginning on the date of such termination (in accordance with plan terms) only—

''(I) elective deferrals and earnings attributable thereto,

''(II) qualified nonelective contributions (within the meaning of section 401(m)(4)(C)) and earnings attributable thereto, and

''(III) matching contributions described in section 401(k)(3)(D)(ii)(I) and earnings attributable thereto,

of former work site employees associated with the terminated customer only in a direct rollover described in section 401(a)(31), and

''(ii) after such 2-year period, amounts in such plan in accordance with plan terms.''.

(c) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION DEFINED.—Chapter 79 of such Code (relating to definitions) is amended by adding at the end the following new section:

''SEC. 7705. CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.

''(a) IN GENERAL.—For purposes of this title, the term 'certified professional employer organization' means a person who applies to be treated as a certified professional employer organization for purposes of sections 414(w) and 3511 and who has been certified by the Secretary as meeting the requirements of subsection (b).

''(b) CERTIFICATION.—A person meets the requirements of this subsection if such person—

''(1) demonstrates that such person (and any owner, officer, and such other persons as may be specified in regulations) meets such requirements as the Secretary shall establish with respect to tax status, background, experience, business location, and annual financial audits,

''(2) represents that it will satisfy the bond and independent financial review requirements of subsections (c) on an ongoing basis,

''(3) represents that it will satisfy such reporting obligations as may be imposed by the Secretary,

''(4) represents that it will maintain a qualified plan (as defined in section 408(p)(2)(D)(ii)) or an arrangement to provide simple retirement accounts (within the meaning of section 408(p)) which benefit at least 95 percent of all work site employees who are not highly compensated employees for purposes of section 414(q),

''(5) computes its taxable income using an accrual method of accounting unless the Secretary approves another method,

''(6) agrees to verify the continuing accuracy of representations and information which was previously provided on such periodic basis as the Secretary may prescribe, and

''(7) agrees to notify the Secretary in writing of any change that materially affects the continuing accuracy of any representation or information which was previously made or provided.

''(c) REQUIREMENTS.—

''(1) IN GENERAL.—An organization meets the requirements of this paragraph if such organization—

''(A) meets the bond requirements of subparagraph (2), and

''(B) meets the independent financial review requirements of subparagraph (3).

''(2) BOND.—

''(A) IN GENERAL.—A certified professional employer organization meets the requirements of this paragraph if the organization has posted a bond for the payment of taxes under subtitle C (in a form acceptable to the Secretary) that is in an amount at least equal to the amount specified in subparagraph (B).

''(B) AMOUNT OF BOND.—

''(i) IN GENERAL.—For the period April 1 of any calendar year through March 31 of the following calendar year, the amount of the bond required is equal to the greater of:

''(I) 5 percent of the organization's liability for taxes imposed by this subtitle during the preceding calendar year (but not to exceed $1,000,000), or

''(II) $50,000.

''(ii) SPECIAL RULE FOR NEWLY CREATED PROFESSIONAL EMPLOYER ORGANIZATIONS.—During the first three full calendar years that an organization is in existence, subclause (I) of clause (i) shall not apply. For this purpose—

''(I) under rules provided by the Secretary, an organization is treated as in existence as of the date that such organization began providing services to any client which were comparable to the services being provided with respect to worksite employees, regardless of whether such date occurred before or after the organization is certified under section 7705, and

''(II) an organization with liability for taxes imposed by this subtitle during the preceding calendar year in excess of $5,000,000 shall no longer be described in this clause (ii) as of April 1 of the year following such calendar year.

''(3) INDEPENDENT FINANCIAL REVIEW REQUIREMENTS.—A certified professional employer organization meets the requirements of this subparagraph if such organization—

''(A) has, as of the most recent audit date, caused to be prepared and provided to the Secretary (in such manner as the Secretary may prescribe) an opinion of an independent certified public accountant as to whether the certified professional employer organization's financial statements are presented fairly in accordance with generally accepted accounting principles, and

''(B) provides to the Secretary an assertion regarding Federal employment tax payments and an examination level attestation on such assertion from an independent certified public accountant not later than the last day of the second month beginning after the end of each calendar quarter. Such assertion shall state that the organization has withheld and made deposits of all taxes imposed by chapters 21, 22, and 24 of the Internal Revenue Code in accordance with regulations imposed by the Secretary for such calendar quarter and such examination level attestation shall state that such assertion is fairly stated, in all material respects.

''(4) SPECIAL RULE FOR SMALL CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The requirements of paragraph (3)(A) shall not apply with respect to a fiscal year of an organization if such organization's liability for taxes imposed by subtitle C during the calendar year ending on (or concurrent with) the end of the fiscal year were $5,000,000 or less.

''(5) FAILURE TO FILE ASSERTION AND ATTESTATION.—If the certified professional employer organization fails to file the assertion and attestation required by paragraph (3) with respect to a particular quarter, then the requirements of paragraph (3) with respect to such failure shall be treated as not satisfied for the period beginning on the due date for such attestation.

''(6) AUDIT DATE.—For purposes of paragraph (3)(A), the audit date shall be six months after the completion of the organization's fiscal year.

''(d) SUSPENSION AND REVOCATION AUTHORITY.—The Secretary may suspend or revoke a certification of any person under subsection (b) for purposes of section 414(w) or 3511, or both, if the Secretary determines that such person is not satisfying the representations or requirements of subsections (b) or (c), or fails to satisfy applicable accounting, reporting, payment, or deposit requirements.

''(e) WORK SITE EMPLOYEE.—For purposes of this title—

''(1) IN GENERAL.—The term 'work site employee' means, with respect to a certified professional employer organization, an individual who—

''(A) performs services for a customer pursuant to a contract which is between such customer and the certified professional employer organization and which meets the requirements of paragraph (2), and

''(B) performs services at a work site meeting the requirements of paragraph (3).

''(2) SERVICE CONTRACT REQUIREMENTS.—A contract meets the requirements of this paragraph with respect to an individual performing services for a customer if such contract is in writing and provides that the certified professional employer organization shall—

''(A) assume responsibility for payment of wages to the individual, without regard to the receipt or adequacy of payment from the customer for such services,

''(B) assume responsibility for reporting, withholding, and paying any applicable taxes under subtitle C, with respect to the individual's wages, without regard to the receipt or adequacy of payment from the customer for such services,

''(C) assume responsibility for any employee benefits which the service contract may require the certified professional employer organization to provide, without regard to the receipt or adequacy of payment from the customer for such services,

''(D) assume shared responsibility with the customer for firing the individual and for recruiting and hiring any new worker,

''(E) maintain employee records relating to the individual, and

''(F) agree to be treated as a certified professional employer organization for purposes of sections 414(w) and 3511 with respect to such individual.

''(3) WORK SITE COVERAGE REQUIREMENT.—

''(A) IN GENERAL.—The requirements of this paragraph are met with respect to an individual if at least 85 percent of the individuals performing services for the customer at the work site where such individual performs services are subject to 1 or more contracts with the certified professional employer organization which meet the requirements of paragraph (2).

''(B) SPECIAL RULES.—For purposes of subparagraph (A)—

''(i) WORK SITE.—The term 'work site' means a physical location at which an individual generally performs service for the customer or, if there is no such location, the location from which the individual receives job assignments from the customer.

''(ii) CONTIGUOUS LOCATIONS.—For purposes of clause (i), work sites which are contiguous locations shall be treated as a single physical location.

''(iii) NONCONTIGUOUS LOCATIONS.—For purposes of clause (i), noncontiguous locations shall be treated as separate work sites, except that each work site within a reasonably proximate area must satisfy the 85 percent test under subparagraph (A) for the individuals performing services for the customer at such work site. In determining whether noncontiguous locations are reasonably proximate, all facts and circumstances shall be taken into account.

''(iv) WORK SITES 35 MILES OR MORE APART.—Any work site which is separated from all other customer work sites by at least 35 miles shall not be treated as reasonably proximate under clause (iii).

''(v) DIFFERENT INDUSTRY.—A work site shall not be treated as reasonably proximate to another work site under clause (iii) if the work site operates in a different industry or industries from such other work site as determined by the Secretary.

''(f) EMPLOYER AGGREGATION RULES.—

''(1) IN GENERAL.—For purposes of subsections (c)(2)(B)(ii), (c)(4) and (e), all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 person.

''(2) PLANS MAINTAINED BY COMPANIES IN SAME CONTROLLED GROUP AS CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION.—For purposes of subsection (b)(4), if certified professional employer organizations are part of a controlled group, then the certified professional employer organizations (but no other member of the controlled group) shall be treated as 1 person.

''(3) QUALIFIED PLANS.—For purposes of subsection (b)(4)—

''(A) a qualified plan (as defined in section 408(p)(2)(D)(ii)) which is maintained by, or an arrangement to provide a simple retirement account (within the meaning of section 408(p)) to, a customer with respect to a work site employee performing services for such customer shall be treated as if it were maintained by the applicant, and

''(B) work site employees who do not meet the minimum age and service requirements of section 410(a)(1)(A) (or who are excludable from consideration under section 410(b)(3)) shall not be taken into account.

''(g) DETERMINATION OF EMPLOYMENT STATUS.—Except to the extent necessary for purposes of section 414(w) or 3511, nothing in this section shall be construed to affect the determination of who is an employee or employer for purposes of this title.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section and sections 414(w) and 6503(k).''.

(d) CONFORMING AMENDMENTS.—

(1) Section 45(B) of such Code (relating to credit for portion of employer social security taxes paid with respect to employees with cash tips) is amended by adding at the end the following new subsection:

''(e) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of this section, in the case of a certified professional employer organization that is treated, under section 3511, as the employer of a worksite employee who is a tipped employee, the credit determined under this section does not apply to such organization, but does apply to the customer of such organization. For this purpose the customer shall take into account any remuneration and taxes remitted by the certified professional employer organization.''.

(2) Section 707 of such Code is amended by adding at the end the following new subsection:

''(d) PAYMENTS TO CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a partnership that is a customer of a certified professional employer organization (as defined in section 7705) makes a payment to such an organization on behalf of a partner, and the payment, if made directly to the partner, would be treated as a guaranteed payment under section 707(c), the partnership shall treat the payment as if it were a guaranteed payment made to a partner. To the extent that the relevant partner receives all or any portion of such a payment, such partner shall be treated as receiving a guaranteed payment for services under section 707(c).''.

(3) Section 3302 of such Code is amended by adding at the end the following new subsection:

''(h) TREATMENT OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—If a certified professional employer organization (as defined in section 7705) (or a client of such organization) makes a payment to the State's unemployment fund with respect to a work site employee, such organization shall be eligible for the credits available under this section with respect to such payment.''.

(4) Section 3303(a) of such Code is amended—

(A) by inserting 'and' at the end of paragraph (3),

(B) by inserting immediately after paragraph (3) the following new paragraph:

''(4) a certified professional employer organization (as defined in section 7705) is permitted to collect and remit, in accordance with paragraphs (1), (2), and (3), contributions during the taxable year to the State unemployment fund with respect to a work site employee.'', and

(C) in the last sentence—

(i) by striking ''paragraphs (1), (2), and (3)'' and inserting ''paragraphs (1), (2), (3), and (4)'', and

(ii) by striking ''paragraph (1), (2), or (3)'' and inserting ''paragraph (1), (2), (3), or (4)''.

(5) Section 6053 of such Code (relating to reporting of tips) is amended by adding at the end of subsection (c) the following new paragraph:

''(8) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—For purposes of any report required by this section, in the case of a certified professional employer organization that is treated, under section 3511, as the employer of a worksite employee, the customer with respect to whom a worksite employee performs services shall be the employer for purposes of reporting under this section and the certified professional employer organization shall furnish to the customer any information necessary to complete such reporting no later than such time as the Secretary shall prescribe.''.

(e) CLERICAL AMENDMENTS.—

(1) The table of sections for chapter 25 of such Code is amended by adding at the end the following new item:

''Sec. 3511. Certified professional employer organizations.''.

(2) The table of sections for chapter 79 of such Code is amended by inserting after the item relating to section 7704 the following new item:

''Sec. 7705. Certified professional employer organizations.''.

(f) REPORTING REQUIREMENTS AND OBLIGATIONS.—The Secretary of the Treasury shall develop such reporting and recordkeeping rules, regulations, and procedures as the Secretary determines necessary or appropriate to ensure compliance with the amendments made by this Act with respect to entities applying for certification as certified professional employer organizations or entities that have been so certified. Such rules shall be designed in a manner which streamlines, to the extent possible, the application of requirements of such amendments, the exchange of information between a certified professional employer organization and its customers, and the reporting and recordkeeping obligations of the certified professional employer organization.

(g) USER FEES.—Subsection (b) of section 10511 of the Revenue Act of 1987 (relating to fees for requests for ruling, determination, and similar letters) is amended by adding at the end thereof the following new paragraph:

''(4) CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—The fee charged under the program in connection with the certification by the Secretary of a professional employer organization under section 7705 of the Internal Revenue Code of 1986 shall not exceed $500.''.

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this Act shall take effect on the later of—

(A) January 1, 2005, or

(B) the January 1st of the first calendar year beginning more than 12 months after the date of the enactment of this Act.

(2) CERTIFICATION PROGRAM.—The Secretary of the Treasury shall establish the certification program described in section 7705(b) of the Internal Revenue Code of 1986 not later than 3 months before the effective date determined under paragraph (1).

(3) TRANSITION ISSUES.—For years beginning before the effective date specified in paragraph (1), subject to such conditions as the Secretary of the Treasury may prescribe, employee benefit plans in existence on the date of the enactment of this Act shall not be treated as failing to meet the requirements of the Internal Revenue Code of 1986 merely because such plans were maintained by an organization prior to such organization becoming a certified professional employer organization (as defined by section 7705 of such Code (as added by subsection (c) of this section)).

By Mr. JOHNSON (for himself and Mr. COCHRAN):

S. 1270. A bill to amend title XVIII of the Social Security Act to provide for coverage of medication therapy management services under Part B of the Medicare program; to the Committee on Finance.

Mr. JOHNSON. Mr. President, I am pleased to introduce legislation today that will provide for important health care quality and medication safety improvements in the Medicare program. The Medication Therapy Management

Services Coverage Act of 2003 will enhance the Medicare program by providing coverage of pharmacists' medication therapy management services for those beneficiaries at risk for potential medication problems due to the presence of multiple or complex chronic diseases. These services, which are coordinated in direct collaboration with physicians and other health care professionals, help patients make the best possible use of their medications.

The members of this body know very well the vital role that today's powerful and effective medications play in the maintenance of health and well-being of our Nation's seniors. The substantial and important discussion now underway on how best to craft and implement a prescription drug benefit for Medicare beneficiaries is an explicit recognition of this vital role. But access to the medications, even at the most affordable prices possible, is only one part of the solution to achieving the kinds of health care outcomes that patients and their health care providers desire. That is where today's pharmacists play a pivotal role.

In addition to the important and continuing responsibility for assuring accurate, safe medication dispensing and counseling services, pharmacists now provide many direct patient care, consultative, and educational services. Forty states, the Veterans Administration, and the Indian Health Service, among others, all recognize the value of collaborative medication therapy management services as a way to provide optimal patient care using the specialized education and training of pharmacists. In addition, several state Medicaid programs have active demonstration projects or waiver programs in place that deliver these important services to their citizens.

More specifically, in its June 2002 report to the Congress, the Medicare Payment Advisory Commission noted that it ''sees potential for a Medicare drug therapy management benefit to facilitate access to an important health care service for some beneficiaries'' and recommended to Congress that the Secretary of Health and Human Services ''. . . assess models for collaborative drug therapy management services in outpatient settings.'' This is a very important recommendation, because there is no more vulnerable group than our Nation's seniors when it comes to the potential for medication-related problems and the presence of multiple chronic diseases. If other health care systems and programs provide such services, Medicare must be reformed to provide them as well. Indeed, Medicare should be the leader in this regard.

The pharmacist's specialized training in medication therapy management has been demonstrated repeatedly to improve the quality of care patients receive and to control health care costs associated with medication complications. As an essential infrastructure component of any type of Medicare prescription drug benefit, it makes sense to take this proven initial step to improve the medication use process for our seniors. This will serve all Medicare beneficiaries by ensuring that each precious dollar, regardless of who is paying the ''bills for the pills,'' is spent wisely on a safe and effective medication regimen. This is a benefit that we can all support and deliver now, as we work to also resolve the economic and political challenges in crafting a truly effective and affordable prescription drug benefit.

Because pharmacists improve the efficacy and cost-effectiveness of medication regimens and reduce medication-related problems and adverse effects, the addition of their services represents real value and enhances the prospects of achieving both an affordable Medicare drug benefit and improved health outcomes for Medicare beneficiaries. In fact, numerous studies over the past decade have demonstrated returns on investments of up to $17.00 for every single dollar invested in the provision of pharmacists' clinical and patient care services.

Our legislation provides a logical and very affordable first step in establishing the essential infrastructure of a Medicare prescription drug benefit. As the 1999 Institute of Medicine report ''To Err is Human: Building a Safer Health System'' stated:

> Because of the immense variety and complexity of medications now available, it is impossible for nurses and doctors to keep up with all of the information required for safe medication use. The pharmacist has become an essential resource . . . and thus access to his or her expertise must be possible at all times.

Our legislation will assure that the Medicare program leads, rather than follows, on this important health care quality issue. Pharmacists' collaborative medication therapy management services can and will make a real difference in the lives of Medicare beneficiaries. I urge my colleagues on both sides of the aisle to give this proposal their very serious consideration.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 171—RECOGNIZING THAT THE SAN ANTONIO SPURS ARE THE 2002–2003 NATIONAL BASKETBALL ASSOCIATION CHAMPIONS AND CONGRATULATING THE TEAM FOR ITS OUTSTANDING EXCELLENCE, DISCIPLINE, AND DOMINANCE

Mr. CORNYN (for himself and Mrs. HUTCHISON) submitted the following resolution; which was considered and agreed to:

S. RES. 171

Whereas the San Antonio Spurs are the undisputed 2002–2003 National Basketball Association champions and thus the basketball champions of the world;

Whereas the San Antonio Spurs are one of America's preeminent sports franchises and have now won their second NBA Championship in 5 years;

Whereas this exceptionally gifted team is guided by Greg Popovich, one of the most successful coaches in the last decade of professional basketball, who has now led the San Antonio Spurs to NBA championships twice in the last 5 years, who was named the winner of the Red Auerbach Trophy as the NBA Coach of the Year for the 2002–2003 season, and who is the first Spurs coach in franchise history to earn the Auerbach Trophy;

Whereas the San Antonio Spurs National Basketball Association championship was characterized by a remarkable team effort, led by the series' Most Valuable Player, Tim Duncan;

Whereas it is appropriate and fitting to congratulate David Robinson, who will now retire after 14 years with the San Antonio Spurs; and

Whereas it is appropriate and fitting to now offer these athletes, their coaches, and the great fans of the City of San Antonio and Bexar County, Texas, the attention and accolades they have earned: Now, therefore, be it

Resolved, That the Senate congratulates the entire 2002–2003 San Antonio Spurs team and its coach Greg Popovich for their remarkable achievement, and their excellence, discipline, and dominance.

AMENDMENTS SUBMITTED & PROPOSED

SA 927. Mr. EDWARDS (for himself, Mr. HARKIN, and Mr. PRYOR) submitted an amendment intended to be proposed by him to the bill S. 1, to amend title XVIII of the Social Security Act to make improvements in the medicare program, to provide prescription drug coverage under the medicare program, and for other purposes; which was ordered to lie on the table.

SA 928. Mr. CORNYN (for Mr. CRAPO) proposed an amendment to the bill S. 520, to authorize the Secretary of the Interior to convey certain facilities to the Fremont-Madison Irrigation District in the State of Idaho.

TEXT OF AMENDMENTS

SA 927. Mr. EDWARDS (for himself, Mr. HARKIN, and Mr. PRYOR) submitted an amendment intended to be proposed by him to the bill S. 1, to amend title XVIII of the Social Security Act to make improvements in the medicare program, to provide prescription drug coverage under the medicare program, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

''MINIMUM STANDARDS FOR ELIGIBLE ENTITIES

''SEC. 1860 . (a) IN GENERAL.—The Secretary shall not award a contract to an eligible entity under this part unless the Secretary finds that the eligible entity agrees to comply with such terms and conditions as the Secretary shall specify, including the following:

''( ) DISCLOSURE REQUIREMENTS:

''(a) ACCESS TO NEGOTIATED PRICES.—

''DISCLOSURE.—The eligible entity shall disclose to the Administrator (at the time of bid submission under section 1860F and annually thereafter for the duration of the contract, in a manner specified by the Administrator) all discounts or rebates or other remuneration of price concessions made available to the eligible entity or an agent thereof by any source. The provisions of section

1927(b)(3)(D) shall apply to information disclosed to the Administrator under this paragraph. The annual disclosure to the Administrator shall include, but shall not be limited to—

''(A) the value, nature, and amount of any rebate, discount, price concession or other form of direct or indirect remuneration provided to the eligible entity, or any agent thereof (such as formulary access fees, formulary market share movement fees, pharmacy and therapeutic fees, disease or patient management programs, administrative fees, data processing fees, direct or indirect educational grants, mail order supplier fees, or other forms of remuneration or compensation) during the preceding calendar year by a drug manufacturer, packer, distributor, pharmacy or other entity; and

''(B) sufficient financial information to allow the Administrator to publish annually specific information on the total amount of discounts, price concessions or other remuneration passed through to enrollees, as well as the total revenues, operating costs and net profit (expressed both in dollar and percentage terms) of the eligible entity for each regional contract.

''(b) Eligible entitles shall report the same information to the General Accounting Office, which is directed to report annually to Congress on the status of the value, nature, and amount of any rebate, discount, price concession or other form of direct or indirect remuneration provided to the eligible entity, or any agent thereof.

''(c) AUDITS AND REPORTS.—To protect against fraud and abuse and to ensure proper disclosures and accounting, the Administrator shall on an annual basis audit the financial statements and records of the eligible entity or organization. Notwithstanding the provisions of section 1927(b)(3)(D), for each contract with an eligible entity the Administrator shall publicly report the aggregate results of such audits, as well as the disclosures made in subparagraph (d)(2)(B) of this section

''(2) USE OF REBATED FUNDS TO REDUCE COSTS TO BENEFICIARIES.—

''(A) The eligible entity agrees to allocate funds provided to the entity or retained by the entity from a rebate, discount, other reduction in price or a return of an overpayment in the amount it is required to tender to acquire covered pharmaceuticals as defined in Sec. 1860 __ so that the amount paid by the participating beneficiary or its predecessor in interest to obtain covered pharmaceuticals is reduced in a proportion that is equal to not less than half of the rebated, discounted, refunded, or otherwise retained amount and that the rebate, discount, other reduction in price or retained amount be applied to the covered pharmaceutical class, category, active ingredient, or other combination thereof for which the rebate, discount, other reduction in price or retained amount was provided or otherwise made available by the manufacturer, distributor, or other party in interest.

''(a) FAILURE TO COMPLY OR PROVISION OF FALSE INFORMATION.—Any eligible entity that enters into a contract under this part that knowingly fails to comply with the terms and conditions of this section or that knowingly provides false information related to the terms and conditions of this section is subject to a civil money penalty in an amount not to exceed $100,000 for each instance in which funds described in section (A) were not allocated in the prescribed manner or where the eligible entity knowingly provides false information related to actions required pursuant to section (A). Such civil money penalties are in addition to other penalties as may be prescribed by law. The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under this subparagraph in the same manner as such provisions apply to a penalty or proceeding under section 1128A(a).''.

SA 928. Mr. CORNYN (for Mr. CRAPO) proposed an amendment to the bill S. 520, to authorize the Secretary of the Interior to convey certain facilities to the Fremont-Madison Irrigation District in the State of Idaho; as follows:

On page 2, lines 14 and 15, strike ''(Contract No. 1425–0901–09MA–0910–093310)'' and insert ''(Contract No. 1425–01–MA–10–3310)''.

On page 3, line 10, strike ''No. 1425–0901–09MA–0910–093310'' and insert ''No. 1425–01–MA–10–3310''.

On page 4, lines 1 and 2, strike ''1425–0901–09MA–0910–093310'' and insert ''1425–01–MA–10–3310''.

On page 4, line 6, strike ''7–0907–0910–090W0179'' and insert ''7–07–10–W0179''.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. DOMENICI. Mr. President, I announce that the Committee on Agriculture, Nutrition, and Forestry will conduct a meeting on June 18, 2003 in SR–328A at 9 a.m. The purpose of this meeting will be to discuss the nomination of Thomas Dorr to be Under Secretary of Agriculture for Rural Development.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will be held on Tuesday, June 24, at 10 a.m. in Room SD–366 of the Dirksen Senate Office Building.

This is the first in a series of hearings devoted to the improved understanding of the governance of the Department of Energy laboratories and approaches to optimize the capability of those laboratories to respond to national needs.

The purpose of this first hearing is to evaluate changes over time in the relationship between the Department of Energy and its predecessors and contractors operating DOE laboratories and sites to determine if these changes have affected the ability of scientists and engineers to respond to national missions.

Because of the limited time available for the hearings, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510–6150.

PRIVILEGES OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent that privileges of the floor be granted during the consideration of this legislation to Stacey Sachs, Debra Whitman, Jennifer Loukissas, David Dorsey, Prema Arasu, and Eric Sapp.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I ask unanimous consent that a member of my staff, Alan Fishman, and my legislative fellow, Dr. Jon Tilburt, be granted the privilege of the floor during debate on S.1, the Prescription Drug and Medicare Improvement Act of 2003.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I ask unanimous consent that the following staff members be allowed on the Senate floor for the duration of the debate on the Prescription Drug and Medicare Improvement Act of 2003: Nicholas J. Podsiadly, Collen Haddow, and Molly Zito.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WYDEN. Mr. President, I ask unanimous consent that Thad Kousser, a legislative fellow in my office, be granted floor privileges for the duration of the debate on Medicare reform.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNIZING THAT THE SAN ANTONIO SPURS ARE THE 2002–2003 NATIONAL BASKETBALL ASSOCIATION CHAMPIONS

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 171, which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A bill (S. Res. 171) recognizing that the San Antonio Spurs are the 2002–2003 National Basketball Association champions and congratulating the team for its outstanding excellence, discipline, and dominance.

There being no objection, the Senate proceeded to consider the resolution.

Mr. CORNYN. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table; and that any statements relating to this matter be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 171) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 171

Whereas the San Antonio Spurs are the undisputed 2002–2003 National Basketball Association champions and thus the basketball champions of the world;

Whereas the San Antonio Spurs are one of America's preeminent sports franchises and have now won their second NBA Championship in 5 years;

Whereas this exceptionally gifted team is guided by Greg Popovich, one of the most successful coaches in the last decade of professional basketball, who has now led the San Antonio Spurs to NBA championships twice in the last 5 years, who was named the winner of the Red Auerbach Trophy as the NBA Coach of the Year for the 2002–2003 season, and who is the first Spurs coach in franchise history to earn the Auerbach Trophy;

Whereas the San Antonio Spurs National Basketball Association championship was characterized by a remarkable team effort, led by the series' Most Valuable Player, Tim Duncan;

Whereas it is appropriate and fitting to congratulate David Robinson, who will now retire after 14 years with the San Antonio Spurs; and

Whereas it is appropriate and fitting to now offer these athletes, their coaches, and the great fans of the City of San Antonio and Bexar County, Texas, the attention and accolades they have earned: Now, therefore, be it

Resolved, That the Senate congratulates the entire 2002–2003 San Antonio Spurs team and its coach Greg Popovich for their remarkable achievement, and their excellence, discipline, and dominance.

THE CALENDAR

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate proceed en bloc to the immediate consideration of the following Energy bills: Calendar No. 124, S. 246; Calendar No. 125, S. 500; Calendar No. 127, S. 625; Calendar No. 128, S. 635; Calendar No. 129, H.R. 519; Calendar No. 130, H.R. 733; and Calendar No. 131, H.R. 788.

There being no objection, the Senate proceeded to consider the bills en bloc.

Mr. CORNYN. Mr. President, I further ask unanimous consent that, where applicable, the committee amendments be agreed to, the bills, as amended, if amended, be read a third time and passed, the motions to reconsider be laid upon the table, and that any statements relating to the bills be printed in the RECORD, with the above occurring en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

LAND HELD IN TRUST FOR THE PUEBLO OF SANTA CLARA AND THE PUEBLO OF SAN ILDEFONSO IN THE STATE OF NEW MEXICO

The Senate proceeded to consider the bill (S. 246) to provide that certain Bureau of Land Management land shall be held in trust for the Pueblo of Santa Clara and the Pueblo of San Ildefonso in the State of New Mexico, which had been reported from the Committee on Energy and Natural Resources, with amendments, as follows:

[Strike the parts shown in black brackets and insert the parts shown in italic.]

S. 246

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term ''Agreement'' means the agreement entitled ''Agreement to Affirm Boundary Between Pueblo of Santa Clara and Pueblo of San Ildefonso Aboriginal Lands Within Garcia Canyon Tract'', entered into by the Governors on December 20, 2000.

(2) BOUNDARY LINE.—The term ''boundary line'' means the boundary line established under section 4(a).

(3) GOVERNORS.—The term ''Governors'' means—

(A) the Governor of the Pueblo of Santa Clara, New Mexico; and

(B) the Governor of the Pueblo of San Ildefonso, New Mexico.

(4) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(5) PUEBLOS.—The term ''Pueblos'' means—

(A) the Pueblo of Santa Clara, New Mexico; and

(B) the Pueblo of San Ildefonso, New Mexico.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) TRUST LAND.—The term ''trust land'' means the land held by the United States in trust under section 2(a) or 3(a).

SEC. 2. TRUST FOR THE PUEBLO OF SANTA CLARA, NEW MEXICO.

(a) IN GENERAL.—All right, title, and interest of the United States in and to the land described in subsection (b), including improvements on, appurtenances to, and mineral rights (including rights to oil and gas) to the land, shall be held by the United States in trust for the Pueblo of Santa Clara, [New Mexico.] *New Mexico, as part of the Santa Clara Reservation.*

(b) DESCRIPTION OF LAND.—The land referred to in subsection (a) consists of approximately 2,484 acres of Bureau of Land Management land located in Rio Arriba County, New Mexico, and more particularly described as—

(1) the portion of T. 20 N., R. 7 E., Sec. 22, New Mexico Principal Meridian, that is located north of the boundary line;

(2) the southern half of T. 20 N., R. 7 E., Sec. 23, New Mexico Principal Meridian;

(3) the southern half of T. 20 N., R. 7 E., Sec. 24, New Mexico Principal Meridian;

(4) T. 20 N., R. 7 E., Sec. 25, excluding the 5-acre tract in the southeast quarter owned by the Pueblo of San Ildefonso;

(5) the portion of T. 20 N., R. 7 E., Sec. 26, New Mexico Principal Meridian, that is located north and east of the boundary line;

(6) the portion of T. 20 N., R. 7 E., Sec. 27, New Mexico Principal Meridian, that is located north of the boundary line;

(7) the portion of T. 20 N., R. 8 E., Sec. 19, New Mexico Principal Meridian, that is not included in the Santa Clara Pueblo Grant or the Santa Clara Indian Reservation; and

(8) the portion of T. 20 N., R. 8 E., Sec. 30, that is not included in the Santa Clara Pueblo Grant or the San Ildefonso Grant.

SEC. 3. TRUST FOR THE PUEBLO OF SAN ILDEFONSO, NEW MEXICO.

(a) IN GENERAL.—All right, title, and interest of the United States in and to the land described in subsection (b), including improvements on, appurtenances to, and mineral rights (including rights to oil and gas) to the land, shall be held by the United States in trust for the Pueblo of San Ildefonso, [New Mexico.] *New Mexico, as part of the San Ildefonso Reservation.*

(b) DESCRIPTION OF LAND.—The land referred to in subsection (a) consists of approximately 2,000 acres of Bureau of Land Management land located in Rio Arriba County and Santa Fe County in the State of New Mexico, and more particularly described as—

(1) the portion of T. 20 N., R. 7 E., Sec. 22, New Mexico Principal Meridian, that is located south of the boundary line;

(2) the portion of T. 20 N., R. 7 E., Sec. 26, New Mexico Principal Meridian, that is located south and west of the boundary line;

(3) the portion of T. 20 N., R. 7 E., Sec. 27, New Mexico Principal Meridian, that is located south of the boundary line;

(4) T. 20 N., R. 7 E., Sec. 34, New Mexico Principal Meridian; and

(5) the portion of T. 20 N., R. 7 E., Sec. 35, New Mexico Principal Meridian, that is not included in the San Ildefonso Pueblo Grant.

SEC. 4. SURVEY AND LEGAL DESCRIPTIONS.

(a) SURVEY.—Not later than 180 days after the date of enactment of this Act, the Office of Cadastral Survey of the Bureau of Land Management shall, in accordance with the Agreement, complete a survey of the boundary line established under the Agreement for the purpose of establishing, in accordance with sections 2(b) and 3(b), the boundaries of the trust land.

(b) LEGAL DESCRIPTIONS.—

(1) PUBLICATION.—On approval by the Governors of the survey completed under subsection (a), the Secretary shall publish in the Federal Register—

(A) a legal description of the boundary line; and

(B) legal descriptions of the trust land.

(2) TECHNICAL CORRECTIONS.—Before the date on which the legal descriptions are published under paragraph (1)(B), the Secretary may correct any technical errors in the descriptions of the trust land provided in sections 2(b) and 3(b) to ensure that the descriptions are consistent with the terms of the Agreement.

(3) EFFECT.—Beginning on the date on which the legal descriptions are published under paragraph (1)(B), the legal descriptions shall be the official legal descriptions of the trust land.

SEC. 5. ADMINISTRATION OF TRUST LAND.

[(a) IN GENERAL.—Beginning on the date of enactment of this Act—

[(1) the land held in trust under section 2(a) shall be declared to be a part of the Santa Clara Indian Reservation; and

[(2) the land held in trust under section 3(a) shall be declared to be a part of the San Ildefonso Indian Reservation.

[(b) APPLICABLE LAW.—

[(1) IN GENERAL.—The trust land shall be administered in accordance with any law (including regulations) or court order generally applicable to property held in trust by the United States for Indian tribes.

[(2) PUEBLO LANDS ACT.—The following shall be subject to section 17 of the Act of June 7, 1924 (commonly known as the ''Pueblo Lands Act'') (25 U.S.C. 331 note):

[(A) The trust land.

[(B) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of Santa Clara in the Santa Clara Pueblo Grant.

[(C) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of San Ildefonso in the San Ildefonso Pueblo Grant.

[(c) USE OF TRUST LAND.—

[(1) IN GENERAL.—Subject to the criteria developed under paragraph (2), the trust land may be used only for—

[(A) traditional and customary uses; or

[(B) stewardship conservation for the benefit of the Pueblo for which the trust land is held in trust.

[(2) CRITERIA.—The Secretary shall work with the Pueblos to develop appropriate criteria for using the trust land in a manner that preserves the trust land for traditional and customary uses or stewardship conservation.

[(3) LIMITATION.—Beginning on the date of enactment of this Act, the trust land shall

not be used for any new commercial developments.

[SEC. 6. EFFECT.

[Nothing in this Act—

[(1) affects any valid right-of-way, lease, permit, mining claim, grazing permit, water right, or other right or interest of a person or entity (other than the United States) that is—

[(A) in or to the trust land; and

[(B) in existence before the date of enactment of this Act;

[(2) enlarges, impairs, or otherwise affects a right or claim of the Pueblos to any land or interest in land that is—

[(A) based on Aboriginal or Indian title; and

[(B) in existence before the date of enactment of this Act;

[(3) constitutes an express or implied reservation of water or water right with respect to the trust land; or

[(4) affects any water right of the Pueblos in existence before the date of enactment of this Act.]

(a) APPLICABLE LAW.—The trust land shall be administered in accordance with laws generally applicable to property held in trust by the United States for Indian tribes.

(b) PUEBLO LANDS ACT.—The following shall be subject to section 17 of the Act of June 7, 1924 (25 U.S.C. 331 note; commonly known as the ''Pueblo Lands Act''):

(1) The trust land.

(2) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of Santa Clara in the Santa Clara Pueblo Grant.

(3) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of Santa Ildefonso in the San Ildefonso Pueblo Grant.

(c) USE OF TRUST LAND.—Subject to criteria developed by the Pueblos in concert with the Secretary, the trust land may be used only for traditional and customary uses or stewardship conservation for the benefit of the Pueblo for which the trust land is held in trust. Beginning on the date of enactment of this Act, the trust land shall not be used for any new commercial developments.

SEC. 6. EFFECT.

Nothing in this Act—

(1) affects any valid right-of-way, lease, permit, mining claim, grazing permit, water right, or other right or interest of any person or entity (other than the United States) in or to the trust land that is in existence before the date of enactment of this Act;

(2) enlarges, impairs, or otherwise affects a right or claim of the Pueblos to any land or interest in land based on Aboriginal or Indian title that is in existence before the date of enactment of this Act;

(3) constitutes an express or implied reservation of water or water right for any purpose with respect to the trust land; or

(4) affects any water right of the Pueblos in existence before the date of enactment of this act.

The committee amendments were agreed to.

The bill (S. 246), as amended, was read the third time and passed.

S. 246

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITIONS.

In this Act:

(1) AGREEMENT.—The term ''Agreement'' means the agreement entitled ''Agreement to Affirm Boundary Between Pueblo of Santa Clara and Pueblo of San Ildefonso Aboriginal Lands Within Garcia Canyon Tract'', entered into by the Governors on December 20, 2000.

(2) BOUNDARY LINE.—The term ''boundary line'' means the boundary line established under section 4(a).

(3) GOVERNORS.—The term ''Governors'' means—

(A) the Governor of the Pueblo of Santa Clara, New Mexico; and

(B) the Governor of the Pueblo of San Ildefonso, New Mexico.

(4) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(5) PUEBLOS.—The term ''Pueblos'' means—

(A) the Pueblo of Santa Clara, New Mexico; and

(B) the Pueblo of San Ildefonso, New Mexico.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) TRUST LAND.—The term ''trust land'' means the land held by the United States in trust under section 2(a) or 3(a).

SEC. 2. TRUST FOR THE PUEBLO OF SANTA CLARA, NEW MEXICO.

(a) IN GENERAL.—All right, title, and interest of the United States in and to the land described in subsection (b), including improvements on, appurtenances to, and mineral rights (including rights to oil and gas) to the land, shall be held by the United States in trust for the Pueblo of Santa Clara, New Mexico, as part of the Santa Clara Reservation.

(b) DESCRIPTION OF LAND.—The land referred to in subsection (a) consists of approximately 2,484 acres of Bureau of Land Management land located in Rio Arriba County, New Mexico, and more particularly described as—

(1) the portion of T. 20 N., R. 7 E., Sec. 22, New Mexico Principal Meridian, that is located north of the boundary line;

(2) the southern half of T. 20 N., R. 7 E., Sec. 23, New Mexico Principal Meridian;

(3) the southern half of T. 20 N., R. 7 E., Sec. 24, New Mexico Principal Meridian;

(4) T. 20 N., R. 7 E., Sec. 25, excluding the 5-acre tract in the southeast quarter owned by the Pueblo of San Ildefonso;

(5) the portion of T. 20 N., R. 7 E., Sec. 26, New Mexico Principal Meridian, that is located north and east of the boundary line;

(6) the portion of T. 20 N., R. 7 E., Sec. 27, New Mexico Principal Meridian, that is located north of the boundary line;

(7) the portion of T. 20 N., R. 8 E., Sec. 19, New Mexico Principal Meridian, that is not included in the Santa Clara Pueblo Grant or the Santa Clara Indian Reservation; and

(8) the portion of T. 20 N., R. 8 E., Sec. 30, that is not included in the Santa Clara Pueblo Grant or the San Ildefonso Grant.

SEC. 3. TRUST FOR THE PUEBLO OF SAN ILDEFONSO, NEW MEXICO.

(a) IN GENERAL.—All right, title, and interest of the United States in and to the land described in subsection (b), including improvements on, appurtenances to, and mineral rights (including rights to oil and gas) to the land, shall be held by the United States in trust for the Pueblo of San Ildefonso, New Mexico, as part of the San Ildefonso Reservation.

(b) DESCRIPTION OF LAND.—The land referred to in subsection (a) consists of approximately 2,000 acres of Bureau of Land Management land located in Rio Arriba County and Santa Fe County in the State of New Mexico, and more particularly described as—

(1) the portion of T. 20 N., R. 7 E., Sec. 22, New Mexico Principal Meridian, that is located south of the boundary line;

(2) the portion of T. 20 N., R. 7 E., Sec. 26, New Mexico Principal Meridian, that is located south and west of the boundary line;

(3) the portion of T. 20 N., R. 7 E., Sec. 27, New Mexico Principal Meridian, that is located south of the boundary line;

(4) T. 20 N., R. 7 E., Sec. 34, New Mexico Principal Meridian; and

(5) the portion of T. 20 N., R. 7 E., Sec. 35, New Mexico Principal Meridian, that is not included in the San Ildefonso Pueblo Grant.

SEC. 4. SURVEY AND LEGAL DESCRIPTIONS.

(a) SURVEY.—Not later than 180 days after the date of enactment of this Act, the Office of Cadastral Survey of the Bureau of Land Management shall, in accordance with the Agreement, complete a survey of the boundary line established under the Agreement for the purpose of establishing, in accordance with sections 2(b) and 3(b), the boundaries of the trust land.

(b) LEGAL DESCRIPTIONS.—

(1) PUBLICATION.—On approval by the Governors of the survey completed under subsection (a), the Secretary shall publish in the Federal Register—

(A) a legal description of the boundary line; and

(B) legal descriptions of the trust land.

(2) TECHNICAL CORRECTIONS.—Before the date on which the legal descriptions are published under paragraph (1)(B), the Secretary may correct any technical errors in the descriptions of the trust land provided in sections 2(b) and 3(b) to ensure that the descriptions are consistent with the terms of the Agreement.

(3) EFFECT.—Beginning on the date on which the legal descriptions are published under paragraph (1)(B), the legal descriptions shall be the official legal descriptions of the trust land.

SEC. 5. ADMINISTRATION OF TRUST LAND.

(a) APPLICABLE LAW.—The trust land shall be administered in accordance with laws generally applicable to property held in trust by the United States for Indian tribes.

(b) PUEBLO LANDS ACT.—The following shall be subject to section 17 of the Act of June 7, 1924 (25 U.S.C. 331 note; commonly known as the ''Pueblo Lands Act''):

(1) The trust land.

(2) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of Santa Clara in the Santa Clara Pueblo Grant.

(3) Any land owned as of the date of enactment of this Act or acquired after the date of enactment of this Act by the Pueblo of Santa Ildefonso in the San Ildefonso Pueblo Grant.

(c) USE OF TRUST LAND.—Subject to criteria developed by the Pueblos in concert with the Secretary, the trust land may be used only for traditional and customary uses or stewardship conservation for the benefit of the Pueblo for which the trust land is held in trust. Beginning on the date of enactment of this Act, the trust land shall not be used for any new commercial developments.

SEC. 6. EFFECT.

Nothing in this Act—

(1) affects any valid right-of-way, lease, permit, mining claim, grazing permit, water right, or other right or interest of any person or entity (other than the United States) in or to the trust land that is in existence before the date of enactment of this Act;

(2) enlarges, impairs, or otherwise affects a right or claim of the Pueblos to any land or interest in land based on Aboriginal or Indian title that is in existence before the date of enactment of this Act;

(3) constitutes an express or implied reservation of water or water right for any purpose with respect to the trust land; or

(4) affects any water right of the Pueblos in existence before the date of enactment of this act.

BEAUFORT, SOUTH CAROLINA, STUDY ACT OF 2003

The Senate proceeded to consider the bill (S. 500) to direct the Secretary of the Interior to study certain sites in the historic district of Beaufort, South Carolina, relating to the Reconstruction Era, which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

[Strike the part shown in black brackets and insert the part shown in italic.]

S. 500

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[SECTION 1. SHORT TITLE.

[This Act may be cited as the ''Beaufort, South Carolina, Study Act of 2003''.

[SEC. 2. DEFINITIONS.

[In this Act:

[(1) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

[(2) STUDY AREA.—

[(A) IN GENERAL.—The term ''study area'' means the area comprised of historical sites in the historic district of Beaufort, South Carolina, relating to the Reconstruction Era.

[(B) INCLUSIONS.—The term ''study area'' includes—

[(i) the Penn School;

[(ii) the Old Fort Plantation on the Beaufort River;

[(iii) the Freedmen's Bureau in Beaufort College;

[(iv) the First Freedmen's Village of Mitchellville on Hilton Head Island;

[(v) various historic buildings and archaeological sites associated with Robert Smalls;

[(vi) the Beaufort Arsenal; and

[(vii) other significant sites relating to the Reconstruction Era.

[SEC. 3. SPECIAL RESOURCE STUDY.

[(a) IN GENERAL.—The Secretary shall conduct a special resource study of the study area to assess the suitability and feasibility of designating the study area as a unit of the National Park System.

[(b) APPLICABLE LAW.—The study required under subsection (a) shall be conducted in accordance with section 8(c) of Public Law 91–383 (16 U.S.C. 1a–5(c)).

[(c) REPORT.—Not later than 3 years after the date on which funds are made available to carry out the study under subsection (a), the Secretary shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report that describes—

[(1) the findings of the study; and

[(2) any conclusions and recommendations of the Secretary.

[SEC. 4. THEME STUDY.

[(a) IN GENERAL.—The Secretary shall conduct a national historic landmark theme study to identify sites and resources in the United States that are significant to the Reconstruction Era.

[(b) CONTENTS.—The theme study shall include recommendations for commemorating and interpreting sites and resources identified by the theme study, including—

[(1) sites that should be nominated as national historic landmarks; and

[(2) sites for which further study for potential inclusion in the National Park System should be authorized.

[(c) REPORT.—Not later than 3 years after the date on which funds are made available to carry out the study under subsection (a), the Secretary shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report that describes—

[(1) the findings of the study; and

[(2) any conclusions and recommendations of the Secretary.

[SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated such sums as are necessary to carry out this Act.]

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Beaufort County, South Carolina, Study Act of 2003''.

SEC. 2. DEFINITIONS.

In this Act:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(2) STUDY AREA.—The term ''study area'' means the historical sites in Beaufort County, South Carolina, relating to the Reconstruction Era including—

(A) the Penn School;

(B) the Old Fort Plantation on the Beaufort River;

(C) the Freedman's Bureau in Beaufort College;

(D) the first Freedman's Village of Mitchellville on Hilton Head Island;

(E) various historic buildings and archaeological sites associated with Robert Smalls;

(F) the Beaufort Arsenal; and

(G) other significant sites relating to the Reconstruction Era.

SEC. 3. SPECIAL RESOURCE STUDY.

(a) STUDY.—The Secretary shall conduct a special resource study of the study area to assess the national significance, suitability and feasibility of designating the study area as a unit of the National Park System in accordance with section 8(c) of Public Law 91–383 (16 U.S.C. 1a–5(c)).

(b) REPORT.—Not later than 3 years after the date on which funds are made available to carry out the special resource study, the Secretary shall submit to Congress a report that describes the findings of the study and any conclusions and recommendations of the Secretary.

SEC. 4. THEME STUDY.

(a) STUDY.—The Secretary shall conduct a national historic landmark theme study to identify sites and resources in the United States that are significant to the Reconstruction Era, and shall include recommendations for commemorating and interpreting sites and resources identified by the theme study such as sites that should be nominated as national historic landmarks and sites that warrant further study for potential inclusion in the National Park System.

(b) REPORT.—Not later than 3 years after the date on which funds are made available to carry out the theme study, the Secretary shall submit to the Congress a report that describes the findings of the study and any conclusions and recommendations of the Secretary.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appointed such sums as are necessary to carry out this Act.

The committee amendment, in the nature of a substitute, was agreed to.

The bill (S. 500), as amended, was read the third time and passed.

TUALATIN RIVER BASIN WATER SUPPLY ENHANCEMENT ACT OF 2003

The Senate proceeded to consider the bill (S. 625) to authorize the Bureau of Reclamation to conduct certain feasibility studies in the Tualatin River Basin in Oregon, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment, as follows:

[Strike the part shown in black brackets and insert the part shown in italic.]

S. 625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tualatin River Basin Water Supply Enhancement Act of 2003''.

SEC. 2. AUTHORIZATION TO CONDUCT FEASIBILITY STUDIES.

(a) The Secretary of the Interior is authorized to conduct the Tualatin River Basin water supply feasibility study in order to—

(1) identify ways to meet future water supply needs for agriculture, municipal and industrial uses;

(2) identify water conservation and water storage measures;

(3) identify measures that would improve water quality, and enable environmental and species protection; and,

(4) where appropriate, evaluate integrated water resource management and supply needs in the Tualatin River Basin in the State of Oregon.

(b) The federal share of the costs of the study authorized by this section shall not exceed 50 per centum of the total, and shall be non-reimbursable and non-returnable.

(c) Activities funded under this Act shall not be considered a supplemental or additional benefit under the Act of June 17, 1902 [(82 Stat. 388)] *(32 Stat. 388)* and all Acts amendatory thereof or supplementary thereto.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

There are authorized such sums as necessary to carry out the purposes of this Act.

The committee amendment was agreed to.

The bill (S. 625), as amended, was read the third time and passed, as follows:

S. 625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tualatin River Basin Water Supply Enhancement Act of 2003''.

SEC. 2. AUTHORIZATION TO CONDUCT FEASIBILITY STUDIES.

(a) The Secretary of the Interior is authorized to conduct the Tualatin River Basin water supply feasibility study in order to—

(1) identify ways to meet future water supply needs for agriculture, municipal and industrial uses;

(2) identify water conservation and water storage measures;

(3) identify measures that would improve water quality, and enable environmental and species protection; and,

(4) where appropriate, evaluate integrated water resource management and supply needs in the Tualatin River Basin in the State of Oregon.

(b) The federal share of the costs of the study authorized by this section shall not exceed 50 per centum of the total, and shall be non-reimbursable and non-returnable.

(c) Activities funded under this Act shall not be considered a supplemental or additional benefit under the Act of June 17, 1902 (32 Stat. 388) and all Acts amendatory thereof or supplementary thereto.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

There are authorized such sums as necessary to carry out the purposes of this Act.

PIONEER NATIONAL HISTORIC TRAILS STUDIES ACT

The Senate proceeded to consider the bill (S. 635) to amend the National Trails System Act to require the Secretary of the Interior to update the feasibility and suitability studies of four national historic trails, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

[Strike the parts shown in black brackets and insert the parts shown in italic.]

S. 635

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[SECTION 1. SHORT TITLE.

[This Act may be cited as the ''Pioneer National Historic Trails Studies Act''.

[SEC. 2. REVISION OF FEASIBILITY AND SUITABILITY STUDIES OF EXISTING NATIONAL HISTORIC TRAILS.

[The National Trails System Act is amended by inserting after section 5 (16 U.S.C. 1244) the following new section:

[''SEC. 5A. REVISION OF FEASIBILITY AND SUITABILITY STUDIES OF EXISTING TRAILS FOR POSSIBLE TRAIL EXPANSION.

[''(a) DEFINITIONS.—In this section:

[''(1) ROUTE.—The term 'route' includes a trail segment commonly known as a cutoff.

[''(2) SHARED ROUTE.—The term 'shared route' means a route that was a segment of more than one historic trail, including a route shared with an existing national historic trail.

[''(b) GENERAL RULES.—

[''(1) STUDY REQUIREMENTS AND OBJECTIVES.—The study requirements and objectives specified in section 5(b) shall apply to a study required by this section.

[''(2) COMPLETION AND SUBMISSION OF STUDY.—Not later than three complete fiscal years after the date of the enactment of this section, the Secretary shall complete and submit to Congress the studies required by subsections (c) through (g). In the case of a study added to this section after that date, the study shall be completed and submitted to Congress not later than three complete fiscal years after the date of the enactment of the law adding the study to this section.

[''(c) OREGON NATIONAL HISTORIC TRAIL.—The Secretary of the Interior shall undertake a study of the routes of the Oregon Trail, as generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and such other routes of the Oregon Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Oregon National Historic Trail. The routes to be studied under this subsection include the following:

[''(1) Whitman Mission route.
[''(2) Upper Columbia River.
[''(3) Cowlitz River route.
[''(4) Meek cutoff.
[''(5) Free Emigrant Road.
[''(6) North Alternate Oregon Trail.
[''(7) Goodale's cutoff.
[''(8) North Side alternate route.
[''(9) Cutoff to Barlow Road.
[''(10) Naches Pass Trail.

[''(d) PONY EXPRESS NATIONAL HISTORIC TRAIL.—The Secretary of the Interior shall undertake a study of the approximately 20-mile southern alternative route of the Pony Express Trail from Wathena, Kansas, to Troy, Kansas, and such other routes of the Pony Express Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Pony Express National Historic Trail.

[''(e) CALIFORNIA NATIONAL HISTORIC TRAIL.—The Secretary of the Interior shall undertake a study of certain Missouri Valley, central, and western routes of the California Trail, as generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and such other and shared Missouri Valley, central, and western routes that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the California National Historic Trail. The routes to be studied under this subsection include the following:

[''(1) MISSOURI VALLEY ROUTES.—
[''(A) Blue Mills-Independence Road.
[''(B) Westport Landing Road.
[''(C) Westport-Lawrence Road.
[''(D) Fort Leavenworth-Blue River route.
[''(E) Road to Amazonia.
[''(F) Union Ferry Route.
[''(G) Old Wyoming-Nebraska City cutoff.
[''(H) Lower Plattsmouth Route.
[''(I) Lower Bellevue Route.
[''(J) Woodbury cutoff.
[''(K) Blue Ridge cutoff.
[''(L) Westport Road.
[''(M) Gum Springs-Fort Leavenworth route.
[''(N) Atchison/Independence Creek routes.
[''(O) Fort Leavenworth-Kansas River route.
[''(P) Nebraska City cutoff routes.
[''(Q) Minersville-Nebraska City Road.
[''(R) Upper Plattsmouth route.
[''(S) Upper Bellevue route.
[''(2) CENTRAL ROUTES.—
[''(A) Cherokee Trail, including splits.
[''(B) Weber Canyon route of Hastings cutoff.
[''(C) Bishop Creek cutoff.
[''(D) McAuley cutoff.
[''(E) Diamond Springs cutoff.
[''(F) Secret Pass.
[''(G) Greenhorn cutoff.
[''(H) Central Overland Trail.
[''(3) WESTERN ROUTES.—
[''(A) Bidwell-Bartleson route.
[''(B) Georgetown/Dagget Pass Trail.
[''(C) Big Trees Road.
[''(D) Grizzly Flat cutoff.
[''(E) Nevada City Road.
[''(F) Yreka Trail.
[''(G) Henness Pass route.
[''(H) Johnson cutoff.
[''(I) Luther Pass Trail.
[''(J) Volcano Road.
[''(K) Sacramento-Coloma Wagon Road.
[''(L) Burnett cutoff.
[''(M) Placer County Road to Auburn.

[''(f) MORMON PIONEER NATIONAL HISTORIC TRAIL.—The Secretary of the Interior shall undertake a study of certain routes of the Morman Pioneer Trail, as generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and such other routes of the Mormon Pioneer Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Mormon Pioneer National Historic Trail. The routes to be studied under this subsection include the following:

[''(1) 1846 Subsequent routes A and B (Lucas and Clarke Counties, Iowa).
[''(2) 1856–57 Handcart route (Iowa City to Council Bluffs).
[''(3) Keokuk route (Iowa).
[''(4) 1847 Alternative Elkhorn and Loup River Crossings in Nebraska.
[''(5) Fort Leavenworth Road, including the Ox Bow route and alternates in Kansas and Missouri (Oregon and California Trail routes used by Mormon emigrants).
[''(6) 1850 Golden Pass Road in Utah.

[''(g) SHARED CALIFORNIA AND OREGON TRAIL ROUTES.—The Secretary of the Interior shall undertake a study of certain shared routes of the California Trail and Oregon Trail, as generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and such other shared routes that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as shared components of the California National Historic Trail and the Oregon National Historic Trail. The routes to be studied under this subsection include the following:

[''(1) St. Joe Road.
[''(2) Council Bluffs Road.
[''(3) Sublette cutoff.
[''(4) Applegate route.
[''(5) Old Fort Kearny Road (Oxbow Trail).
[''(6) Childs cutoff.
[''(7) Raft River to Applegate.''.]

SECTION 1. REVISION OF FEASIBILITY AND SUITABILITY STUDIES OF EXISTING NATIONAL HISTORIC TRAILS.

Section 5 of the National Trails System Act (16 U.S.C. 1244) is amended by inserting the following new subsection:

''(g) The Secretary shall revise the feasibility and suitability studies for certain national trails for consideration of possible additions to the trails.

''(1) IN GENERAL.—

''(A) DEFINITIONS.—In this subsection:

''(i) ROUTE.—The term 'route' includes a trail segment commonly known as a cutoff.

''(ii) SHARED ROUTE.—The term 'shared route' means a route that was a segment of more than one historic trail, including a route shared with an existing national historic trail.

''(B) STUDY REQUIREMENTS AND OBJECTIVES.—The study requirements and objectives specified in subsection (b) shall apply to a study required by this subsection.

''(C) COMPLETION AND SUBMISSION OF STUDY.—A study listed in this subsection shall be completed and submitted to the Congress not later than three complete fiscal years from the date funds are made available for the study.

''(2) OREGON NATIONAL HISTORIC TRAIL.—

''(A) STUDY REQUIRED.—The Secretary of the Interior shall undertake a study of the routes of the Oregon Trail listed in subparagraph (B) and generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and of such other routes of the Oregon Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Oregon National Historic Trail.

''(B) COVERED ROUTES.—The routes to be studied under subparagraph (A) shall include the following:

''(i) Whitman Mission route.
''(ii) Upper Columbia River.
''(iii) Cowlitz River route.
''(iv) Meek cutoff.
''(v) Free Emigrant Road.
''(vi) North Alternate Oregon Trail.
''(vii) Goodale's cutof.
''(viii) North Side alternate route.
''(ix) Cutoff to Barlow road.
''(x) Naches Pass Trail.

''(3) PONY EXPRESS NATIONAL HISTORIC TRAIL.—The Secretary of the Interior shall undertake a study of the approximately 20-mile southern alternative route of the Pony Express Trail from Wathena, Kansas, to Troy, Kansas, and such other routes of the Pony Express Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Pony Express National Historic Trail.

''(4) CALIFORNIA NATIONAL HISTORIC TRAIL.—

''(A) STUDY REQUIRED.—The Secretary of the Interior shall undertake a study of the Missouri Valley, central, and western routes of the California Trail listed in subparagraph (B) and generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and of such other and shared Missouri Valley, central, and western routes that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the California National Historic Trail.

''(B) COVERED ROUTES.—The routes to be studied under subparagraph (A) shall include the following:

''(i) MISSOURI VALLEY ROUTES.—

''(I) Blue Mills-Independence Road.

''(II) Westport Landing Road.

''(III) Westport-Lawrence Road.

''(IV) Fort Leavenworth-Blue River route.

''(V) Road to Amazonia.

''(VI) Union Ferry Route.

''(VII) Old Wyoming-Nebraska City cutoff.

''(VIII) Lower Plattsmouth Route.

''(IX) Lower Bellevue Route.

''(X) Woodbury cutoff.

''(XI) Blue Ridge cutoff.

''(XII) Westport Road.

''(XIII) Gum Springs-Fort Leavenworth route.

''(XIV) Atchison/Independence Creek routes.

''(XV) Fort Leavenworth-Kansas River route.

''(XVI) Nebraska City cutoff routes.

''(XVII) Minersville-Nebraska City Road.

''(XVIII) Upper Plattsmouth route.

''(XIX) Upper Bellevue route.

''(ii) CENTRAL ROUTES.—

''(I) Cherokee Trail, including splits.

''(II) Weber Canyon route of Hastings cutoff.

''(III) Bishop Creek cutoff.

''(IV) McAuley cutoff.

''(V) Diamond Springs cutoff.

''(VI) Secret Pass.

''(VII) Greenhorn cutoff.

''(VIII) Central Overland Trail.

''(iii) WESTERN ROUTES.—

''(I) Bidwell-Bartleson route.

''(II) Georgetown/Dagget Pass Trail.

''(III) Big Trees Road.

''(IV) Grizzly Flat cutoff.

''(V) Nevada City Road.

''(VI) Yreka Trail.

''(VII) Henness Pass route.

''(VIII) Johnson cutoff.

''(IX) Luther Pass Trail.

''(X) Volcano Road.

''(XI) Sacramento-Coloma Wagon Road.

''(XII) Burnett cutoff.

''(XIII) Placer County Road to Auburn.

''(5) MORMON PIONEER NATIONAL HISTORIC TRAIL.—

''(A) STUDY REQUIRED.—The Secretary of the Interior shall undertake a study of the routes of the Mormon Pioneer Trail listed in subparagraph (B) and generally depicted in the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and of such other routes of the Mormon Pioneer Trail that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as components of the Mormon Pioneer National Historic Trail.

''(B) COVERED ROUTES.—The routes to be studied under subparagraph (A) shall include the following:

''(i) 1846 Subsequent routes A and B (Lucas and Clarke Counties, Iowa).

''(ii) 1856–57 Handcart route (Iowa City to Council Bluffs).

''(iii) Keokuk route (Iowa).

''(iv) 1847 Alternative Elkhorn and Loup River Crossings in Nebraska.

''(v) Fort Leavenworth Road; Ox Bow route and alternates in Kansas and Missouri (Oregon and California Trail routes used by Mormon emigrants).

''(vi) 1850 Golden Pass Road in Utah.

''(6) SHARED CALIFORNIA AND OREGON TRAIL ROUTES.—

''(A) STUDY REQUIRED.—The Secretary of the Interior shall undertake a study of the shared routes of the California Trail and Oregon Trail listed in subparagraph (B) and generally depicted on the map entitled 'Western Emigrant Trails 1830/1870' and dated 1991/1993, and of such other shared routes that the Secretary considers appropriate, to determine the feasibility and suitability of designation of one or more of the routes as shared components of the California National Historic Trail and the Oregon National Historic Trail.

''(B) COVERED ROUTES.—The routes to be studied under subparagraph (A) shall include the following:

''(i) St. Joe Road.

''(ii) Council Bluffs Road.

''(iii) Sublette cutoff.

''(iv) Applegate route.

''(v) Old Fort Kearny Road (Oxbow Trail).

''(vi) Childs cutoff.

''(vii) Raft River to Applegate.''.

The committee amendment, in the nature of a substitute, was agreed to.

The bill (S. 635), as amended, was read the third time and passed.

SAN GABRIEL RIVER WATERSHED STUDY ACT

The bill (H.R. 519) to authorize the Secretary of the Interior to conduct a study of the San Gabriel River Watershed, and for other purposes, was considered, read the third time, and passed.

McLOUGHLIN HOUSE NATIONAL HISTORIC SITE ACT

The Senate proceeded to consider the bill (H.R. 733) to authorize the Secretary of the Interior to acquire the McLoughlin House National Historic Site in Oregon City, Oregon, and to administer the site as a unit of the National Park System, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title.

[Strike the part shown in black brackets and insert the part shown in italic.]

H.R. 733

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[SECTION 1. SHORT TITLE; DEFINITIONS.

[(a) SHORT TITLE.—This Act may be cited as the ''McLoughlin House National Historic Site Act''.

[(b) DEFINITIONS.—For the purposes of this Act, the following definitions apply:

[(1) ASSOCIATION.—The term ''Association'' means the McLoughlin Memorial Association, an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code.

[(2) CITY.—The term ''City'' means Oregon City, Oregon.

[(3) HISTORIC SITE.—The term ''Historic Site'' means the McLoughlin House National Historic Site which is described in the Acting Assistant Secretary of the Interior's Order of June 27, 1941, and generally depicted on the map entitled ''McLoughlin House National Historic Site'', numbered 007/80,000, and dated 12/01/01, and includes the McLoughlin House, the Barclay House, and other associated real property, improvements, and personal property.

[(4) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

[SEC. 2. FINDINGS.

[Congress finds the following:

[(1) On June 27, 1941, Acting Assistant Secretary of the Interior W.C. Mendenhall, by means of the authority granted the Secretary under section 2 of the Historic Sites Act of August 21, 1935, established the McLoughlin Home National Historic Site, located in the City.

[(2) Since January 16, 1945, the site has been known as McLoughlin House National Historic Site.

[(3) The Historic Site includes the McLoughlin House and Barclay House, which are owned and managed by the Association.

[(4) The Historic Site is located in a Charter Park on Oregon City Block 40, which is owned by the City.

[(5) A cooperative agreement was made in 1941 among the Association, the City, and the United States, providing for the preservation and use of the McLoughlin House as a national historic site.

[(6) The Association has had an exemplary and longstanding role in the stewardship of the Historic Site but is unable to continue that role.

[(7) The Historic Site has been an affiliated area of the National Park System and is worthy of recognition as part of the National Park System.

[SEC. 3. MCLOUGHLIN HOUSE NATIONAL HISTORIC SITE.

[(a) ACQUISITION.—The Secretary is authorized to acquire the Historic Site, from willing sellers only, by donation, purchase with donated or appropriated funds, or exchange, except that lands or interests in lands owned by the City may be acquired by donation only.

[(b) BOUNDARIES; ADMINISTRATION.—Upon acquisition of the Historic Site, the acquired property shall be included within the boundaries of, and be administered as part of, the Fort Vancouver National Historic Site in accordance with all applicable laws and regulations of the National Park System.]

SECTION 1. SHORT TITLE; DEFINITIONS.

(a) SHORT TITLE.—This Act may be cited as the ''McLoughlin House Addition to Fort Vancouver National Historic Site Act''.

(b) DEFINITIONS.—For the purposes of this Act, the following definitions apply:

(1) CITY.—The term ''City'' means Oregon City, Oregon.

(2) MCLOUGHLIN HOUSE.—The term ''McLoughlin House'' means the McLoughlin House National Historic Site which is described in the Acting Assistant Secretary of the Interior's Order of June 27, 1941, and generally depicted on the map entitled ''McLoughlin House, Fort Vancouver National Historic Site'', numbered 389/92,002, and dated 5/01/03, and includes the McLoughlin House, the Barclay House, and other associated real property, improvements, and personal property.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

SEC. 2. MCLOUGHLIN HOUSE ADDITION TO FORT VANCOUVER.

(a) ACQUISITION.—The Secretary is authorized to acquire the McLoughlin House, from willing sellers only, by donation, purchase with donated or appropriated funds, or exchange, except that lands or interests in lands owned by the City may be acquired by donation only.

(b) MAP AVAILABILITY.—The map identifying the McLoughlin House referred to in section 1(b)(2) shall be on file and available for inspection in the appropriate offices of the National Park Service, Department of the Interior.

(c) BOUNDARIES; ADMINISTRATION.—Upon acquisition of the McLoughlin House, the acquired

property shall be included within the boundaries of, and be administered as part of, the Fort Vancouver National Historic Site in accordance with all applicable laws and regulations.

(d) NAME CHANGE.—Upon acquisition of the McLoughlin House, the Secretary shall change the name of the site from the ''McLoughlin House National Historic Site'' to the ''McLoughlin House''.

(e) FEDERAL LAWS.—After the McLoughlin House is acquired and added to Fort Vancouver National Historic Site, any reference in a law, map, regulation, document, paper, or other record of the United States to the ''McLoughlin House National Historic Site'' (other than this Act) shall be deemed a reference to the ''McLoughlin House'', a unit of Fort Vancouver National Historic Site.

The committee amendment, in the nature of a substitute, was agreed to.

The bill (H.R. 733), as amended, was read the third time and passed.

The title was amended so as to read: ''A bill to authorize the Secretary of the Interior to acquire the McLoughlin House in Oregon City, Oregon, for inclusion in Fort Vancouver National Historic Site, and for other purposes.''

GLEN CANYON NATIONAL RECREATION AREA BOUNDARY REVISION ACT

The bill (H.R. 788) to revise the boundary of the Glen Canyon National Recreation Area in the States of Utah and Arizona was considered, read the third time, and passed.

FREMONT-MADISON CONVEYANCE ACT

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 126, S. 520.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 520) to authorize the Secretary of the Interior to convey certain facilities to the Fremont-Madison Irrigation District in the State of Idaho.

There being no objection, the Senate proceeded to consider the bill.

Mr. CORNYN. Mr. President, I ask unanimous consent that the Crapo amendment No. 928, which is at the desk, be agreed to; that the bill, as amended, be read a third time and passed, and the motions to reconsider be laid upon the table; and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 928) was agreed to, as follows:

AMENDMENT NO. 928

(Purpose: To make technical corrections)

On page 2, lines 14 and 15, strike ''(Contract No. 1425–0901–09MA–0910–093310)'' and insert ''(Contract No. 1425–01–MA–10–3310).''

On page 3, line 10, strike ''No. 1425–0901–09MA–MA–0910–093310'' and insert ''No. 1425–01–MA–10–3310''.

On page 4, lines 1 and 2, strike ''1425–0901–09MA–0910–093310'' and insert ''1425–01–MA–10–3310''.

On page 4, line 6, strike ''7–0907–0910–09W0179'' and insert ''7–07–10–W0179''.

The bill (S. 520), as amended, was read the third time and passed, as follows:

S. 520

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fremont-Madison Conveyance Act''.

SEC. 2. DEFINITIONS.

In this Act:

(1) DISTRICT.—The term ''District'' means the Fremont-Madison Irrigation District, an irrigation district organized under the law of the State of Idaho.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

SEC. 3. CONVEYANCE OF FACILITIES.

(a) CONVEYANCE REQUIREMENT.—The Secretary of the Interior shall convey to the Fremont-Madison Irrigation District, Idaho, pursuant to the terms of the memorandum of agreement (MOA) between the District and the Secretary (Contract No. 1425–01–MA–10–3310), all right, title, and interest of the United States in and to the canals, laterals, drains, and other components of the water distribution and drainage system that is operated or maintained by the District for delivery of water to and drainage of water from lands within the boundaries of the District as they exist upon the date of enactment of this Act, consistent with section 8.

(b) REPORT.—If the Secretary has not completed any conveyance required under this Act by September 13, 2004, the Secretary shall, by no later than that date, submit a report to the Congress explaining the reasons that conveyance has not been completed and stating the date by which the conveyance will be completed.

SEC. 4. COSTS.

(a) IN GENERAL.—The Secretary shall require, as a condition of the conveyance under section 3, that the District pay the administrative costs of the conveyance and related activities, including the costs of any review required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), as described in Contract No. 1425–01–MA–10–3310.

(b) VALUE OF FACILITIES TO BE TRANSFERRED.—In addition to subsection (a) the Secretary shall also require, as a condition of the conveyance under section 2, that the District pay to the United States the lesser of the net present value of the remaining obligations owed by the District to the United States with respect to the facilities conveyed, or $280,000. Amounts received by the United States under this subsection shall be deposited into the Reclamation Fund.

SEC. 5. TETON EXCHANGE WELLS.

(a) CONTRACTS AND PERMIT.—In conveying the Teton Exchange Wells pursuant to section 3, the Secretary shall also convey to the District—

(1) Idaho Department of Water Resources permit number 22–7022, including drilled wells under the permit, as described in Contract No. 1425–01–MA–10–3310; and

(2) all equipment appurtenant to such wells.

(b) EXTENSION OF WATER SERVICE CONTRACT.—The water service contract between the Secretary and the District (Contract No. 7–07–10–W0179, dated September 16, 1977) is hereby extended and shall continue in full force and effect until all conditions described in this Act are fulfilled.

SEC. 6. ENVIRONMENTAL REVIEW.

Prior to conveyance the Secretary shall complete all environmental reviews and analyses as set forth in the Memorandum of Agreement referenced in section 3(a).

SEC. 7. LIABILITY.

Effective on the date of the conveyance the United States shall not be liable for damages of any kind arising out of any act, omission, or occurrence relating to the conveyed facilities, except for damages caused by acts of negligence committed by the United States or by its employees, agents, or contractors prior to the date of conveyance. Nothing in this section may increase the liability of the United States beyond that currently provided in chapter 171 of title 28, United States Code.

SEC. 8. WATER SUPPLY TO DISTRICT LANDS.

The acreage within the District eligible to receive water from the Minidoka Project and the Teton Basin Projects is increased to reflect the number of acres within the District as of the date of enactment of this Act, including lands annexed into the District prior to enactment of this Act as contemplated by the Teton Basin Project. The increase in acreage does not alter deliveries authorized under the District's existing water storage contracts and as allowed by State water law.

SEC. 9. DROUGHT MANAGEMENT PLANNING.

Within 60 days of enactment of this Act, in collaboration with stakeholders in the Henry's Fork watershed, the Secretary shall initiate a drought management planning process to address all water uses, including irrigation and the wild trout fishery, in the Henry's Fork watershed. Within 18 months of enactment of this Act, the Secretary shall submit a report to Congress, which shall include a final drought management plan.

SEC. 10. EFFECT.

(a) IN GENERAL.—Except as provided in this Act, nothing in this Act affects—

(1) the rights of any person; or

(2) any right in existence on the date of enactment of this Act of the Shoshone-Bannock Tribes of the Fort Hall Reservation to water based on a treaty, compact, executive order, agreement, the decision in Winters v. United States, 207 U.S. 564 (1908) (commonly known as the ''Winters Doctrine''), or law.

(b) CONVEYANCES.—Any conveyance under this Act shall not affect or abrogate any provision of any contract executed by the United States or State law regarding any irrigation district's right to use water developed in the facilities conveyed.

MOSQUITO ABATEMENT FOR SAFETY AND HEALTH ACT

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 137, S. 1015.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 1015) to authorize grants through the Centers for Disease Control and Prevention for mosquito control programs to prevent mosquito-borne diseases, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. CORNYN. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1015) was read the third time and passed, as follows:

S. 1015

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Mosquito Abatement for Safety and Health Act''.

SEC. 2. GRANTS REGARDING PREVENTION OF MOSQUITO-BORNE DISEASES.

Part B of title III of the Public Health Service Act (42 U.S.C. 243 et seq.), as amended by section 4 of Public Law 107–84 and section 312 of Public Law 107–188, is amended—

(1) by transferring section 317R from the current placement of the section and inserting the section after section 317Q; and

(2) by inserting after section 317R (as so transferred) the following:

''SEC. 317S. MOSQUITO-BORNE DISEASES; COORDINATION GRANTS TO STATES; ASSESSMENT AND CONTROL GRANTS TO POLITICAL SUBDIVISIONS.

''(a) COORDINATION GRANTS TO STATES; ASSESSMENT GRANTS TO POLITICAL SUBDIVISIONS.—

''(1) IN GENERAL.—With respect to mosquito control programs to prevent and control mosquito-borne diseases (referred to in this section as 'control programs'), the Secretary, acting through the Director of the Centers for Disease Control and Prevention, may make grants to States for the purpose of—

''(A) coordinating control programs in the State involved; and

''(B) assisting such State in making grants to political subdivisions of the State to conduct assessments to determine the immediate needs in such subdivisions for control programs, and to develop, on the basis of such assessments, plans for carrying out control programs in the subdivisions.

''(2) PREFERENCE IN MAKING GRANTS.—In making grants under paragraph (1), the Secretary shall give preference to States that have one or more political subdivisions with an incidence, prevalence, or high risk of mosquito-borne disease, or a population of infected mosquitos, that is substantial relative to political subdivisions in other States.

''(3) CERTAIN REQUIREMENTS.—A grant may be made under paragraph (1) only if—

''(A) the State involved has developed, or agrees to develop, a plan for coordinating control programs in the State, and the plan takes into account any assessments or plans described in subsection (b)(3) that have been conducted or developed, respectively, by political subdivisions in the State;

''(B) in developing such plan, the State consulted or will consult (as the case may be under subparagraph (A)) with political subdivisions in the State that are carrying out or planning to carry out control programs;

''(C) the State agrees to monitor control programs in the State in order to ensure that the programs are carried out in accordance with such plan, with priority given to coordination of control programs in political subdivisions described in paragraph (2) that are contiguous;

''(D) the State agrees that the State will make grants to political subdivisions as described in paragraph (1)(B), and that such a grant will not exceed $10,000; and

''(E) the State agrees that the grant will be used to supplement, and not supplant, State and local funds available for the purpose described in paragraph (1).

''(4) REPORTS TO SECRETARY.—A grant may be made under paragraph (1) only if the State involved agrees that, promptly after the end of the fiscal year for which the grant is made, the State will submit to the Secretary a report that—

''(A) describes the activities of the State under the grant; and

''(B) contains an evaluation of whether the control programs of political subdivisions in the State were effectively coordinated with each other, which evaluation takes into account any reports that the State received under subsection (b)(5) from such subdivisions.

''(5) NUMBER OF GRANTS.—A State may not receive more than one grant under paragraph (1).

''(b) PREVENTION AND CONTROL GRANTS TO POLITICAL SUBDIVISIONS.—

''(1) IN GENERAL.—The Secretary, acting through the Director of the Centers for Disease Control and Prevention, may make grants to political subdivisions of States or consortia of political subdivisions of States, for the operation of control programs.

''(2) PREFERENCE IN MAKING GRANTS.—In making grants under paragraph (1), the Secretary shall give preference to a political subdivision or consortium of political subdivisions that—

''(A) has—

''(i) a history of elevated incidence or prevalence of mosquito-borne disease;

''(ii) a population of infected mosquitoes; or

''(iii) met criteria determined by the Secretary to suggest an increased risk of elevated incidence or prevalence of mosquito-borne disease in the pending fiscal year;

''(B) demonstrates to the Secretary that such political subdivision or consortium of political subdivisions will, if appropriate to the mosquito circumstances involved, effectively coordinate the activities of the control programs with contiguous political subdivisions;

''(C) demonstrates to the Secretary (directly or through State officials) that the State in which such a political subdivision or consortium of political subdivisions is located has identified or will identify geographic areas in such State that have a significant need for control programs and will effectively coordinate such programs in such areas; and

''(D) is located in a State that has received a grant under subsection (a).

''(3) REQUIREMENT OF ASSESSMENT AND PLAN.—A grant may be made under paragraph (1) only if the political subdivision or consortium of political subdivisions involved—

''(A) has conducted an assessment to determine the immediate needs in such subdivision or consortium for a control program, including an entomological survey of potential mosquito breeding areas; and

''(B) has, on the basis of such assessment, developed a plan for carrying out such a program.

''(4) REQUIREMENT OF MATCHING FUNDS.—

''(A) IN GENERAL.—With respect to the costs of a control program to be carried out under paragraph (1) by a political subdivision or consortium of political subdivisions, a grant under such paragraph may be made only if the subdivision or consortium agrees to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is not less than ⅓ of such costs ($1 for each $2 of Federal funds provided in the grant).

''(B) DETERMINATION OF AMOUNT CONTRIBUTED.—Non-Federal contributions required in subparagraph (A) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

''(C) WAIVER.—The Secretary may waive the requirement established in subparagraph (A) if the Secretary determines that extraordinary economic conditions in the political subdivision or consortium of political subdivisions involved justify the waiver.

''(5) REPORTS TO SECRETARY.—A grant may be made under paragraph (1) only if the political subdivision or consortium of political subdivisions involved agrees that, promptly after the end of the fiscal year for which the grant is made, the subdivision or consortium will submit to the Secretary, and to the State within which the subdivision or consortium is located, a report that describes the control program and contains an evaluation of whether the program was effective.

''(6) AMOUNT OF GRANT; NUMBER OF GRANTS.—

''(A) AMOUNT OF GRANT.—

''(i) SINGLE POLITICAL SUBDIVISION.—A grant under paragraph (1) awarded to a political subdivision for a fiscal year may not exceed $100,000.

''(ii) CONSORTIUM.—A grant under paragraph (1) awarded to a consortium of 2 or more political subdivisions may not exceed $110,000 for each political subdivision. A consortium is not required to provide matching funds under paragraph (4) for any amounts received by such consortium in excess of amounts each political subdivision would have received separately.

''(iii) WAIVER OF REQUIREMENT.—A grant may exceed the maximum amount in clause (i) or (ii) if the Secretary determines that the geographical area covered by a political subdivision or consortium awarded a grant under paragraph (1) has an extreme need due to the size or density of—

''(A) the human population in such geographical area; or

''(B) the mosquito population in such geographical area.

''(B) NUMBER OF GRANTS.—A political subdivision or a consortium of political subdivisions may not receive more than one grant under paragraph (1).

''(c) APPLICATIONS FOR GRANTS.—A grant may be made under subsection (a) or (b) only if an application for the grant is submitted to the Secretary and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Secretary determines to be necessary to carry out this section.

''(d) TECHNICAL ASSISTANCE.—Amounts appropriated under subsection (f) may be used by the Secretary to provide training and technical assistance with respect to the planning, development, and operation of assessments and plans under subsection (a) and control programs under subsection (b). The Secretary may provide such technical assistance directly or through awards of grants or contracts to public and private entities.

''(E) DEFINITION OF POLITICAL SUBDIVISION.—In this section, the term 'political subdivision' means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs. If State law recognizes an entity of general government that functions in lieu of, and is not within, a county, parish, or borough, the Secretary may recognize an area under the jurisdiction of such other entities of general government as a political subdivision for purposes of this section.

''(f) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—For the purpose of carrying out this section, there are authorized to be appropriated $100,000,000 for fiscal year 2003, and such sums as may be necessary for each of fiscal years 2004 through 2007.

''(2) PUBLIC HEALTH EMERGENCIES.—In the case of control programs carried out in response to a mosquito-borne disease that constitutes a public health emergency, the authorization of appropriations under paragraph (1) is in addition to applicable authorizations of appropriations under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.

''(3) FISCAL YEAR 2004 APPROPRIATIONS.—For fiscal year 2004, 50 percent or more of the funds appropriated under paragraph (1) shall be used to award grants to political subdivisions or consortia of political subdivisions under subsection (b).''.

SEC. 3. RESEARCH PROGRAM OF NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES

Subpart 12 of part C of title IV of the Public Health Service Act (42 U.S.C. 285 et seq.) is amended by adding at the end the following section:

''METHODS OF CONTROLLING CERTAIN INSECT AND VERMIN POPULATIONS

''SEC. 463B. The Director of the Institute shall conduct or support research to identify or develop methods of controlling insect and vermin populations that transmit to human diseases that have significant adverse health consequences.''.

SEC. 4. REPORT.

Not later than 180 days after the date of enactment of this Act, the Secretary of Health and Human Services, after consultation with the Administrator of the Environmental Protection Agency shall submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives a report containing the following:

(1) A description of the status of the development of protocols for ensuring the safety of the blood supply of the United States with respect to West Nile Virus, including—

(A) the status of the development of screening mechanisms;

(B) changes in donor screening protocols; and

(C) the implementation of surveillance systems for the transmission of the virus via the blood supply.

(2) Recommendations for improvements to be made to the safety of the blood supply based on the development of protocols pursuant to paragraph (1), including the need for expedited review of screening mechanisms or other protocols.

(3) The benefits and risks of the spraying of insecticides as a public health intervention, including recommendations and guidelines for such spraying.

(4) The overall role of public health pesticides and the development of standards for the use of such pesticides compared to the standards when such pesticides are used for agricultural purposes.

EXECUTIVE CALENDAR

Mr. CORNYN. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations on today's Executive Calendar: All nominations on the Secretary's desk.

I further ask unanimous consent that the nominations be confirmed en bloc, the motions to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed are as follows:

AIR FORCE

PN359 Air Force nominations (14) beginning PAUL L. CANNON, and ending FRANK A. YERKES, JR., which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of February 25, 2003

PN441 Air Force nomination of Lawrence Mercandante, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of March 24, 2003

PN442 Air Force nominations (2) beginning STANLEY J. BUELT, and ending CHRISTOPHER W. CASTLEBERRY, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of March 24, 2003

PN456 Air Force nominations (6) beginning GARY D. BOMBERGER, and ending WARREN R. ROBNETT, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of March 26, 2003

PN461 Air Force nominations (43) beginning MICHAEL F. ADAMES, and ending SCOTT A. ZUERLEIN, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of March 26, 2003

PN587 Air Force nomination of Jefferson L. Severs, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of May 1, 2003

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to legislative session.

ORDERS FOR TUESDAY, JUNE 17, 2003

Mr. CORNYN. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 a.m., Tuesday, June 17. I further ask unanimous consent that following the prayer and the pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business until 10 a.m. with the time equally divided between the two leaders or their designees, provided that at 10 a.m. the Senate resume consideration of S. 1, the prescription drug benefits bill. I further ask unanimous consent that the Senate recess from 12:30 p.m. to 2:15 p.m. for the weekly party lunches.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. CORNYN. For the information of all Senators, tomorrow, following morning business, the Senate will resume consideration of S. 1, the prescription drug benefits bill. It is hoped that Senators will continue to make their opening remarks on this legislation. Rollcall votes are possible on Tuesday, and Members will be notified when the first vote is scheduled.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. CORNYN. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 5:26 p.m., adjourned until Tuesday, June 17, 2003, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate June 16, 2003:

FEDERAL ENERGY REGULATORY COMMISSION

SUEDEEN G. KELLY, OF NEW MEXICO, TO BE A MEMBER OF FEDERAL ENERGY REGULATORY COMMISSION FOR THE REMAINDER OF THE TERM EXPIRING JUNE 30, 2004, VICE CURT HEBERT, JR., RESIGNED.

DEPARTMENT OF HOMELAND SECURITY

C. SUZANNE MENCER, OF COLORADO, TO BE THE DIRECTOR OF THE OFFICE FOR DOMESTIC PREPAREDNESS, DEPARTMENT OF HOMELAND SECURITY. (NEW POSITION)

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT AS THE CHIEF OF STAFF, UNITED STATES ARMY, AND APPOINTMENT TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTIONS 688, 601 AND 3033:

To be general

GEN. PETER J. SHOOMAKER (RETIRED), 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. MARK A. HUGEL, 0000

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

LARRY J. MASTIN, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

ROBERT L. DAUGHERTY JR., 0000
WILLIAM D. HACK, 0000
DAVID L. LASALLE, 0000
JOHN J. PERNOT, 0000
CHARLES V. RATH JR., 0000

ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY MEDICAL CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

KENNETH S. AZAROW, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

MICHAEL F. MCDONOUGH, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AS CHAPLAIN UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

WILLIAM T BARBEE JR., 0000
JAMES A BENSON, 0000
LARRY E BLUM, 0000
ORMAN W BOYD, 0000
KAREN D BRANDON, 0000
SCOTT R CARSON, 0000
BRENT V CAUSEY, 0000
PHILLIP C CONNER, 0000
STEPHEN P DEMIEN, 0000
THOMAS E ENGLE, 0000
DONALD W EUBANK, 0000
THOMAS G EVANS, 0000
PETER J FREDERICH, 0000
DAVID H HANN, 0000
JOEL C HARRIS, 0000
WILBERT C HARRISON, 0000
RANDALL P HOLMES, 0000
FRANKLIN L JACKSON JR., 0000
STEVEN L JORDAN SR., 0000
STEPHEN D KELLEY, 0000

PAUL R KERR, 0000
THOMAS E KILLGORE, 0000
YOUN H KIM, 0000
WILLIAM H LIPTROT JR., 0000
PAUL R LOOPER, 0000
DAVID A NEETZ, 0000
JIM L PITTMAN, 0000
BARRY W PRESLEY, 0000
DENNIS L PROFFITT, 0000
JOSE A RODRIGUEZ, 0000
DAVID M SCHEIDER, 0000
PEARLEAN SCOTT, 0000
JONATHAN E SHAW, 0000
ALLEN M STAHL, 0000
MARTIN F STEISSLINGER, 0000
THOMAS B WHEATLEY III, 0000
BARRY M WHITE, 0000
MITCHELL S WILK, 0000
KENNETH W YATES, 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICERS FOR ORIGINAL REGULAR APPOINTMENT AS PERMANENT LIMITED DUTY OFFICERS TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTIONS 531, AND 5589:

To be lieutenant

RAUL D. BANTOG, 0000
DONNA M. BAPTISTE, 0000
WILLIAM T. BEECHWOOD, 0000
RICHARD M. BURKHAMMER, 0000
RICK L. CHAMBERS, 0000
NORMAN H. CHASSE, 0000
CARRICK B. CHENEY, 0000
DONALD E. CISSELL, 0000
MIKE A. DEHOYOS, 0000
WILLIAM T. DORRIS JR., 0000
HAROLD W. EMPSON, 0000
PETER R. GERYAK, 0000
JEAN A. GREGG, 0000
TERRY F. HALL, 0000
WILLIAM C. HASHEY, 0000
ROBERT K. HAYES, 0000
CHRISTOPHER M. HENVIT, 0000
GREGORY W. HORSHOK, 0000
DONALD JOHNSON, 0000
BRIAN F. KOSKO, 0000
MICHAEL J. KRAFT, 0000
RICHARD G. LANIER, 0000
DAVID A. LAUFFENBURGER, 0000
GREGORY P. LOUK, 0000
MICHAEL B. MARTINEZ JR., 0000
DIANE C. MOLL, 0000
JAMES R. MOON, 0000
THOMAS E. NELSON, 0000
JOHN E OLANOWSKI, 0000
PATRICK O. PADDOCK, 0000
JUAN A. PAGAN, 0000
PATRICK A. PARK, 0000
LAWRENCE D. PARKS, 0000
HERMAN S. PRATT III, 0000
WILLIAM A. REVAK, 0000
CHARLES T. ROUGHSEDGE, 0000
WILLIAM M. SCHAEFER, 0000
DAVID J. SCHESCHY, 0000
NIGEL A. SEALY, 0000
JEFFREY C. SERVEN, 0000
SIATUNUU SIATUNUU JR., 0000
ROBIN G. TERRELL, 0000
WILLIAM H. TROUTMAN, 0000
EDDIE L. WEST, 0000
CHRISTOPHER A. WILLIAMS, 0000
DONNA M. WILLOUGHBY, 0000

CONFIRMATIONS

Executive nominations confirmed by the Senate June 16, 2003:

AIR FORCE NOMINATIONS BEGINNING PAUL L. CANNON AND ENDING FRANK A. YERKES, JR., WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON FEBRUARY 25, 2003.

AIR FORCE NOMINATION OF LAWRENCE MERCANDANTE.

AIR FORCE NOMINATIONS BEGINNING STANLEY J. BUELT AND ENDING CHRISTOPHER W. CASTLEBERRY, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON MARCH 24, 2003.

AIR FORCE NOMINATIONS BEGINNING GARY D. BOMBERGER AND ENDING WARREN R. ROBNETT, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON MARCH 26, 2003.

AIR FORCE NOMINATIONS BEGINNING MICHAEL F. ADAMES AND ENDING SCOTT A. ZUERLEIN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON MARCH 26, 2003.

AIR FORCE NOMINATION OF JEFFERSON L. SEVERS.